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WISCONSIN

ANNUAL FISCAL REPORT 1986

Annual Fiscal Report

For The Year Ending June 30, 1986

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
STATE BUREAU OF FINANCIAL OPERATIONS

WISCONSIN

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October 10, 1986

Governor Anthony Earl
Members of the Legislature

This report presents condensed statements on the financial operations of the State of Wisconsin for the fiscal year that ended June 30, 1986. It shows the major sources of revenue, the broad purposes of expenditures, and the condition and comparisons of funds with the prior year. The independent opinion of the State Auditor is included.

Fiscal Year 1986 will close with an unreserved-undesignated balance (surplus) of $237.1 million in the General Fund. This compares closely with the balance projected at the close of the legislative session of $230.7 million. The variance of $6.4 million is caused by a combination of factors, among them, slightly increased tax receipts, an adverse court decision involving property tax relief, and agency expenditures being lower than budgeted.

The net fund balance projection for the close of the biennium, after deducting the required statutory reserve, should be increased from $27.1 million to $33.5 million for budget purposes.

General Fund general purpose revenue (GPR) tax receipts were $4.776 billion for the year compared to $4.447 in Fiscal Year 1985, a $329 million or 7.4 percent increase. These results include the effect of implementing a major income tax reduction and reform plan, effective in January 1986. Many tax code changes were enacted which reduce the burden on the individual taxpayers of the state.

General purpose revenue (GPR) expenditures were $4.868 billion compared to $4.588 billion in 1984-85. This increase of $280 million amounts to a 6.1 percent increase in GPR expenditures. The largest portion (71.6 percent) of the increase in GPR expenditures, $200 million of the $280 million, was used to fund increases in school aids and other payments to local governments. GPR expenditures for aids to individuals and organizations increased by a modest $12.6 million over the prior year. This relatively low growth reflects a stabilization of expenditures in the medical assistance and income maintenance programs. GPR expenditures for state operations increased by $66.7 million.

While the actual ending balance comes very close to matching the balance estimated in January 1986, the inclusion of a Stabilization Fund would greatly assist our financial management efforts. The fund will be used to set aside revenues during good economic times for use during periods of low economic growth. This will reduce the need for a tax increase during a recession and limit spending to ongoing revenues during economic recovery.

STATE OF WISCONSIN
1986 ANNUAL FISCAL REPORT
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APPENDIX

D.1 Detail of State Government Operations. This has been issued as a separate document containing Exhibit B-3 above (Summary of Operations by Function) and Schedules A-1 through A-8 (Summaries of Operations by Individual Functional Areas). Copies of the appendix are available on request to:

George R. Natzke, CPA
Director
State Bureau of Financial Operations
Department of Administration
P.O. Box 7864
Madison, WI 53707

Fiscal Year 1986 was a year in which the state was able to take advantage of lower interest rates in the commercial debt markets. The state's $67.9 million of outstanding variable rate notes were converted to long-term fixed rate obligations at an interest rate of 7.45 percent. Nearly $180 million of new construction was financed simultaneously at the same rate. In addition, $58.5 million of revenue bonds issued for highway construction in 1984, which had an average interest cost of over 9.5 percent, were refunded with new bonds at a rate of about 7.5 percent. Bonds issued in 1985 to fund mortgage loans for veterans were replaced with new bonds, thus reducing the interest costs to new participants in the program from 10.6 percent to 8.55 percent.

The state chose to issue Operating Notes in fiscal year 1986 to meet short-term cash needs. Operating Notes of $350 million were issued September 19, 1985 and were repaid on June 16, 1986. Operating Notes are the least expensive method of ensuring that large local assistance payments can be provided at the beginning of each fiscal year before all state revenues are received. In fact, the issuance of operating notes resulted in net savings to the General Fund, through increased investment earnings and reduced interfund borrowing costs of $7 million.

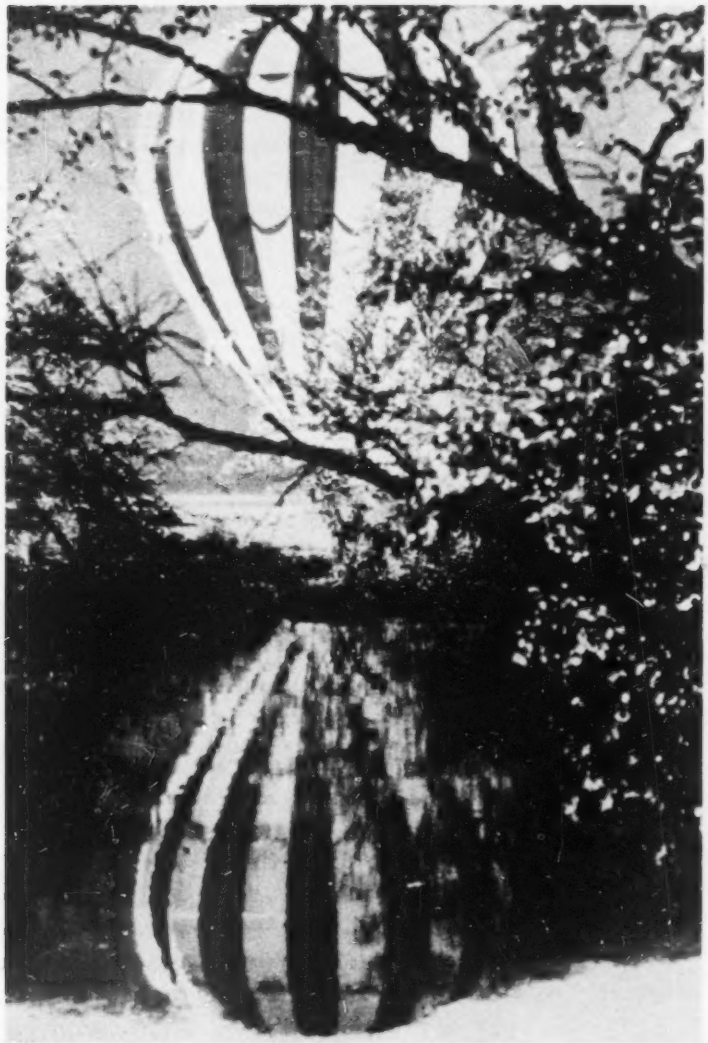
Wisconsin state government is continuing to develop more efficient ways to manage its financial resources. For example, we are cooperating with the federal government and the local units of government, including school districts, to consolidate the audit requirements of state programs with those of federal agencies. We have served as a leader among the states in revamping the manner in which cash is transferred from the federal treasury, and have thereby improved significantly our cash position in federal programs. We have assisted in the development of enacted legislation which will mandate the prompt payment of all claims against the State from suppliers of goods and services. We believe these improvements contribute towards the sound fiscal management of the State of Wisconsin.

Respectfully submitted,

Doris J. Hanson
Secretary
Department of Administration

George R. Natzke, CPA
Director
State Bureau of Financial Operations

Economic Section



Hot air ballooning is becoming a popular way to enjoy southern Wisconsin's varied countryside of fields, woods, towns and lakes. In addition to peaceful, private rides, as shown, large ballooning rallies are held at several sites annually, including Madison, Wisconsin Dells and Lake Geneva.

THE YEAR IN SUMMARY

REVENUE HIGHLIGHTS

General purpose tax revenue for the fiscal year ending June 30, 1986, totaled $4.776 billion — a 7.4 percent increase from the $4.447 billion collected in fiscal 1984-85. Actual collections were within one-half of one percent of the estimates which were prepared in January 1986 ($25.6 million higher than estimated) and 1.6 percent less than the January 1985 estimate.

Actual collections for the three major taxes which comprise 88 percent of total GPR tax receipts — individual income, sales, and corporate franchise and income taxes — were all very close to estimates. Slightly higher income tax collections were offset almost completely by slightly lower sales tax revenue. Public utility taxes exceeded estimates by $23.7 million, and insurance company taxes exceeded estimates by $4.7 million. Also, related to utility taxes was an adverse court decision involving property tax relief for utility companies of $28.2 million, which for accounting purposes was treated as a designated set off to the ending General Fund balance. These amounts were offset to some extent by collections below estimates of $1.6 million of excise taxes and $1.5 million of inheritance and gift taxes.

Following is a brief description of tax collections by major tax program.

Individual Income Tax: Individual income tax collections in FY 1985-86 totaled $2.239 billion, or only $1 million more than anticipated in the revised January 1986 revenue estimates. This variance is less than one-tenth of one percent. While the actual growth rate was 11.4 percent, the underlying growth rate due to the economy, adjusted to reflect law changes and nonrecurring events, was a moderate 6 percent.

The largest component of individual income tax collections — withholding from wages and salaries — increased 3.3 percent to $1.965 billion. Withholding increased at about a 6 percent growth rate during the first half of the fiscal year, and about 0.5 percent during the last half. The lower growth rate in the second half reflects the new withholding tables that were put into effect in January 1986 to implement the income tax reform and reduction enacted last year. The withholding table changes reduced collections by about 8 percent during the last six months of the fiscal year.

Additional and delinquent collections from audit and compliance activities increased 29 percent from $45.6 million to $58.8 million. This includes $8.1 million collected as part of the tax amnesty program.

A major income tax reduction and reform plan was enacted which is effective for the 1986 tax year. Features of the tax reform program include:

1. Joint returns for married persons similar to the federal system rather than the previous system of separate taxation of spouses.
2. An increased standard deduction that declines as income increases.
3. Reduction of the number of tax brackets from 8 to 4, and reduction of the top rate from 10 percent to 7.9 percent.
4. Repeal of itemized deductions and replacement with a 5 percent itemized deduction credit.
5. Replacement of $20 personal exemption credit for taxpayer, spouse and dependent by a $50 dependent credit.
6. Provision of a one-time 7.9 percent credit on up to $2,000 on nonbusiness property taxes paid on the principal residence for 1986 only.
7. A married person credit of 2.5 percent of the earned income of the lower earning spouse (maximum $450).
8. Indexing of tax brackets and the sliding scale standard deduction, if inflation exceeds 3 percent and certain general fund balances are maintained, beginning in 1987.
9. Closer conformity with the federal definition of adjusted gross income.

General Sales and Use Tax: Collections from the 5 percent sales tax in FY 1985-86 of $1.543 billion were about $2.7 million (0.2 percent) below estimate. The actual growth rate over the prior year was 6.2 percent. The adjusted growth rate, however, due to underlying economic activity, was a modest 4.2 percent, reflecting the slowdown in the national economy during the year.

The growth rate of sales tax payments increased from the 4 percent range that was registered during the first three quarters of the fiscal year to about 6.6 percent during the last quarter. Additional and delinquent collections increased 12.9 percent from $47.5 million to $53.7 million. This includes $11 million collected as part of the tax amnesty program.

Corporation Franchise and Income Tax: Corporate collections in FY 1985-86 declined 1.5 percent from $413.6 million to $407.6 million. Collections exceeded the January 1986 estimate by nearly $1.6 million (0.4 percent). Quarterly declaration payments increased 1.3 percent from $392.1 million to $397.3 million. Through November 1985, the growth rate was -6.8 percent. Thereafter, the growth rate improved to 4.7 percent.

Payments with returns increased 1.4 percent from $35.5 million to $36 million. Refunds increased 40 percent from $39 million to $54.6 million. Additional and delinquent collections increased 15 percent from $25.1 million to $29 million. This

includes $5.8 million collected as part of the tax amnesty program. Refunds, declarations and payments with returns during FY 1985-86 were adversely affected by overpayments when the slowdown in the economy took corporations by surprise.

Excise Taxes: Cigarette taxes declined 1.7 percent from $125.3 million to $123.2 million or $2 million less than the anticipated $125.2 million. The decline reflects a continuation of a national trend towards reduced consumption related both to health concerns and increased federal tax rates. Liquor tax collections declined 12 percent from $34.1 million to $30 million, or $0.4 million above the $29.6 million estimate. While the underlying trend of liquor consumption is essentially flat despite increased consumption of wine, collections declined as a result of a law change effective at the end of FY 1985-86 which replaced prepaid liquor tax stamps with a new system of estimated taxes.

Beer tax collections registered a slight 0.4 percent increase to $9.84 million compared to FY 1984-85 collections of $9.80 million. Collections remained at about $0.5 million less than the FY 1983-84 peak year. The 20 percent tobacco products tax yielded $3.9 million or 3.6 percent less than the $4.0 million collected in FY 1984-85.

Inheritance and Gift Taxes: Inheritance and estate tax collections in FY 1985-86 declined 5.3 percent from $75.7 million to $71.7 million. The result was $2.7 million below the January 1986 estimate of $74.4 million. The decline is due in part to the increased exemption of $50,000 for children and other lineal relations. Gift tax collections fell 24.7 percent from $4.8 million to $3.6 million compared to the estimate of $2.3 million. This decline is also due to the increased exemption.

Public Utility Taxes: Public utility taxes increased by 5.2 percent from $249.4 million in 1984-85 to $262.3 million in 1985-86. Actual collections were $23.7 million over estimates due to a delay in the timing of certain refunds. Refunds had been anticipated as a result of litigation which related to a law change made by the 1981 Legislature. The disputed law change involved the elimination of property tax credits for certain utilities (largely gas and electric companies) which were, at that time, taxed on an ad valorem basis.

Because gas and electric companies are now taxed on a gross receipts basis, the outcome of this litigation will have no significant effect on collections in future years. The refunds will be paid out during FY 1986-87 and treated as a designated balance for FY 1985-86. For telephone companies subject to the gross receipts tax, the top rate for exchange service is reduced from 6.75 percent to 6.57 percent for 1987 and to 6.333 percent thereafter while the top rate for toll service is reduced from 9 percent to 8.365 percent for 1988 and 8.073 percent thereafter.

Insurance Company Taxes: Insurance company taxes (generally based on premiums) increased 22.2 percent from $48.8 million to $59.6 million or $4.7 million more than the $54.9 million estimate. The increase is attributed to substantially higher premiums charged by insurers to offset losses and reduced investment income caused by declining interest rates.

Real Estate Transfer Fee: The state share of real estate transfer fee collections increased 17.2 percent from $12.2 million to $14.2 million, reflecting the improvement of the housing market which was stimulated by lower interest rates.

EXPENDITURE HIGHLIGHTS

The trend of no growth in state spending for operations has continued in 1985-86 (see Table 1).

Essentially, spending on the operations of state government has not increased since 1982-83 other than for compensation increases and debt service. Since the bulk of cuts enacted in 1985 Wisconsin Act 120 reduce state operations spending and will occur in 1986-87, limited, if any, growth in the state operations share of the GPR budget can again be expected. This enables more resources to be used for education and property tax relief.

Historically and in 1985-86, the GPR budget has been shaped by the ten largest programs (see Table 2), each of which is described immediately following this section. Any discussion of state spending must focus on the goals and expectations surrounding each of the top ten programs because they constitute such a large percentage of total state spending.

Table 1
GPR Expenditures
(Millions)

	FY 85	% of Total	FY 86	% of Total	% Change in Spending FY 85-FY 86
Local Ass't.	$2,577.5	56.2%	$2,778.0	57.1%	7.8%
Aids	959.6	20.9%	972.2	20.0%	1.3%
State Oprs.	1,051.1	22.9%	1,117.8	22.9%	6.3%
TOTAL	$4,588.2	100.0%	$4,868.0	100.0%	6.1%

Table 2
TOP TEN PROGRAMS
GPR Expenditures

	1985-86 Amount	Percent of Total
All School Aids (Incl. school aid credits)	$1,294.1	26.6
Shared Revenue	759.4	15.6
UW System (Excl. debt service)	527.3	10.8
Medical Assistance	436.3	9.0
State Property Tax Credits (Excl. school aid credits)	289.6	5.9
Income Maintenance	231.5	4.8
Community Aids (Incl. $8.98 million for General Relief)	208.9	4.3
Homestead and Farm Tax Credit	137.3	2.8
Correctional Services (Excl. debt service)	116.8	2.4
VTAE Aids	73.8	1.5
All Others (Incl. $141.2 million debt service)	793.0	16.3
TOTAL GPR EXPENDITURES	$4,868.0	100.0

School Aids: State K-12 education aids to individuals and local assistance to school districts for elementary and secondary education (including school aid credits and aid for public library systems) increased by $112.1 million from $1,182.0 million (GPR) in 1984-85, to $1,294.1 million (GPR) in 1985-86, an increase of 9.4 percent. As a result, state aid offset a larger share of local costs, moving from 38.8 percent to 41.5 percent of comprehensive local school costs. This substantial increase in state assistance was accompanied by the enactment of standards intended to improve educational quality, and the provision of new equalization assistance as a school aid credit, a change which helped keep the average net property tax levy increase for schools at roughly 1 percent statewide.

Shared Revenue: State shared revenue provides unrestricted aid to municipal and county governments. Shared revenue is distributed primarily through equalized aidable revenue payments (80 percent) and per capita payments (18 percent). The FY 86 shared revenue total of $759.4 million was a 5 percent increase over FY 85 payments. Statewide, FY 1986 shared revenue payments provided municipalities with about 28 percent and counties with about 7 percent of their CY 85 operating revenues. This high level of funding for shared revenue is a principal reason why Wisconsin municipalities are able to fund about 50 percent of their budgets with intergovernmental revenues, compared to 30 percent nationally.

UW System: In 1985-86 UW enrollments grew to 164,546 (head count), an increase of 2,546 over the previous year. This is part of a long-term trend toward increasing UW enrollments. For example, in the past five years UW enrollments have grown by over 9,000 students. This is the equivalent of adding a medium size campus to the UW System.

In 1985-86 GPR expenditures for the UW increased by $23.6 million. However, the combination of additional students and inflation have more than offset the impacts of the added funds. This is also part of the longer term trend.

The Wisconsin Expenditure Commission will examine the funding of the UW System as part of its charge. In addition, the Board of Regents of the University of Wisconsin System has created a Study Group on the Future of the UW System. Both bodies will examine the relationship between enrollment levels, GPR funding, tuition and the quality of instruction, and both will report their recommendations by the end of 1986.

Medical Assistance: Wisconsin's Medical Assistance (MA) program, which is state and federally funded, provides medical service to certain categories of low income persons. Included are blind, aged, and disabled persons, recipients of Aid to Families with Dependent Children (AFDC), and other low income individuals having high medical expenses. In 1985-86, MA expenditures were $1.03 billion, of which $436.3 million was GPR. This amount represents an increase of 2.9% (1.02% GPR over the previous fiscal year). In comparison, the average rate of growth of MA over the last five years was 8.3%.

This reduced rate of growth is a result of several factors, including effective cost containment measures, and continued expansion of community-based alternatives for long-term care. Enrollment of AFDC recipients in Health Maintenance Organizations (HMOs) was expanded in several counties, and increased numbers of nursing home residents were relocated or diverted into community care settings. Similarly, utilization controls, e.g., recipient copayments, antidivestment provisions and increased third party liability collections have also yielded savings in MA.

Conversely, several other factors are working in the opposite direction. These factors include: increased utilization of noninstitutional services (outpatient hospital, clinics, and drugs); caseload increase; and increases in the medical needs of nursing home patients.

State Property Tax Credits: State property tax credits are universal percentage credits. The state provides funds to municipalities, which collect property taxes for all local governments, to pay a percentage of each local property owner's taxes. Funding for Wisconsin State Property Tax Relief (WSPTR) Credits increased 3 percent from $281 million in FY 1985 to $289.6 million in FY 1986. Fiscal year 1986 WSPTR Credits offset 10 percent of 1985 gross property taxes for all purposes statewide.

State credits for FY 1986 were restructured by the addition of a School Aid Credit. The new School Aid Credit of $155 million offset about 9 percent of 1986 gross school-purpose property taxes statewide.

Income Maintenance — Aid to Families with Dependent Children: The Aid to Families with Dependent Children (AFDC) program, the state's primary cash transfer assistance program, provides income to children and their guardians who lack adequate financial support. Of the clients served by AFDC, about 67 percent are children. On average, nearly 300,000 individuals received benefits from AFDC per month in 1985-86, with about 25 percent of the recipients served under AFDC-Unemployed (both parents present in the home) and the remaining 75 percent served by AFDC-Regular (single parent or guardian in the home).

In state fiscal year 1985-86, $564.6 million was expended as benefits for these children and their families. Of that amount, $231.5 million was state GPR and $333.1 million came from the federal government. The GPR amount represents an increase of 5.6 percent over 1984-85 state AFDC expenditures. The total amount spent in 1985-86 on AFDC benefits increased by 7.9 percent over the previous year.

It should be noted that state AFDC costs were offset by the state share of child support collections on behalf of AFDC recipients. In 1985-86, this program offset AFDC costs by $16.6 million. It is anticipated that child support collections will

grow in future years as all counties begin immediate wage withholding of child support on January 1, 1987.

Community Aids: Community Aids are state and federal funds distributed to counties, to fund various human services.

Community Aids expenditures reached $266.8 million in 1985-86, including $199.9 million GPR. The GPR increase over 1984-85 expenditures was nearly $8 million, or an increase of 4.2 percent. This increase in GPR expenditures reflects a continued state commitment to essential human services for our most vulnerable citizens. Increased expenditures in 1985-86 further reflect 3 percent inflationary increases appropriated for core programs; expansion of certain programs (day care, family support, community support); and new funding for services for child abuse, mental health for youth and children, Alzheimer's disease and community programs for the developmentally disabled.

Wisconsin has maintained its firm commitment to provide to counties a major portion of the funds needed for essential human services. This commitment becomes even more important in the face of declining federal support for these programs.

General Relief, administered by local governments, provides cash and medical benefits to indigent individuals who do not qualify for other state/federal public assistance programs. Since 1983, the state has reimbursed local governments for a portion of the cost for General Relief. The reimbursement rates have risen from 10 percent for most costs and 50 percent for medical costs in excess of $5,000 for 1984-85 to 12.5 percent for most costs and 50 percent for medical costs above $5,000 in 1985-86. In turn, the state payments to local governments for General Relief rose from $6.76 million in 1984-85 to $8.98 million in 1985-86.

In addition, state statutes provide that the reimbursement rates will increase in 1986-87 and that local governments providing General Relief will receive $25.37 million in June 1987. (The amount for 1986-87 is certain due to statutory language which requires **all** the funds in this biennial appropriation to be distributed to local governments.)

Homestead and Farm Tax Credits: The Homestead Tax Credit and the Farm Property Tax Credit are circuit-breaker credits designed to aid individuals overburdened by property taxes in excess of their ability to pay. Claimants receive either a credit against their state income tax liability or a refund check.

Homestead Tax Credit expenditures of $102.7 million for 1986 claims decreased about 2 percent from the $105.6 million expenditure for 1985 claims due to increases in personal income that made some recipients ineligible for credits. The $105.6 million excludes a $21.5 million one-time budget increase enacted under 1984 Wisconsin Act 212 and distributed in 1985. These credits benefitted about 280,000 low-income homeowners and renters — over half of them elderly — and offset about 4 percent of the 1986 property tax levy statewide. Wisconsin's Homestead Tax Credit ranks fourth among the states in comprehensiveness and per capita expenditures for residential circuit breakers.

The Farm Property Tax Credit provides a refundable credit to farmers who qualify through exclusive agricultural zoning or individual farmland preservation agreements. Fiscal year 1986 program expenditures of $34.6 million were a 23 percent increase over FY 1985 expenditures of $28.1 million. These credits benefitted about 19,000 farmers and offset about 10 percent of 1986 farm levies statewide. Wisconsin's Farm Property Tax Credit is one of only two state agricultural circuit breakers in the country.

Correctional Services: The Division of Corrections opened the recently constructed 450 bed maximum security Columbia Correctional Institution in May 1986. During the year, preparation was also underway to open the 300 bed medium security Oshkosh Correctional Institution in September 1986. The added capacity of these two institutions allowed the state to terminate a $6 million interstate contract for housing Wisconsin inmates in Minnesota prisons. The average daily population of incarcerated felons under the supervision of the Division of Corrections increased from 4,859 in 1984-85 to 5,138 in 1985-86. Total expenditures for correctional operations increased 10.6 percent from $148.0 million ($119.3 million GPR) in 1984-85 to $163.7 million ($131.0 million GPR) in 1985-86.

VTAE Aids: In 1985-86, general aids to vocational, technical and adult education were $73.8 million. This was an increase of 6.6 percent over aids received in 1984-85.

The increase in state aid was necessary to meet the growing demands for VTAE programs and services and to offset the current limitations on district resources.

WISCONSIN INVESTMENT CLIMATE

Economic development was again a priority issue in 1985-86. Important measures boosting the Wisconsin economy were included in the 1985-87 biennial budget. In addition, the Legislature passed 17 bills proposed by the Governor in a Special Session of the Legislature in October 1985.

The results of these efforts were manifest in new jobs and higher income for the state. While the nation and other Midwest states continued to lose manufacturing jobs in 1985-86, Wisconsin gained 3,400 new manufacturing jobs, a 3.4 percent increase. Wisconsin's performance in new manufacturing jobs was sixth highest in the nation. Total nonfarm payroll employment grew 3 percent between 1979 and 1986, the second highest employment growth in the Midwest region, and far above the overall loss for the Midwest region of 2 percent.

The income tax reduction included in the 1985-87 budget bill provided businesses with a major incentive to locate and grow in Wisconsin. The reduction of the top rate from 10 percent to 7.9 percent provides a greater incentive for entrepreneurs to create new firms and for existing businesses to expand sales and increase employment. It also eases recruitment of top executive and technical expertise to Wisconsin firms.

Many efforts were taken to encourage the retention and expansion of businesses in Wisconsin. Increased funding for the Labor Training Fund permitted 9 awards totalling $3.7 million, creating or retaining nearly 3,900 jobs, including a $3 million Labor Training grant to the American Motors Corporation to recall and retrain 3,500 workers in Kenosha.

Increased funding for the Technology Development Fund permitted awards of 14 grants totalling $2.2 million yielding 1,535 new jobs in Wisconsin. The Permit Information Center received 2,558 calls for assistance from Wisconsin firms and entrepreneurs. A special fund was established to provide loans to employes who wish to consider purchasing a plant that would otherwise be closed.

The flexibility with which the state has responded to the needs of expanding firms was demonstrated by efforts to assist the Case IH Company in improving its manufacturing operations in Wisconsin. Case IH is closing plants in Iowa and Illinois and consolidating operations in Wisconsin, adding 300 new jobs to its Wausau plant. An essential ingredient of the consolidation was $392,300 in engineering assistance provided by the University of Wisconsin.

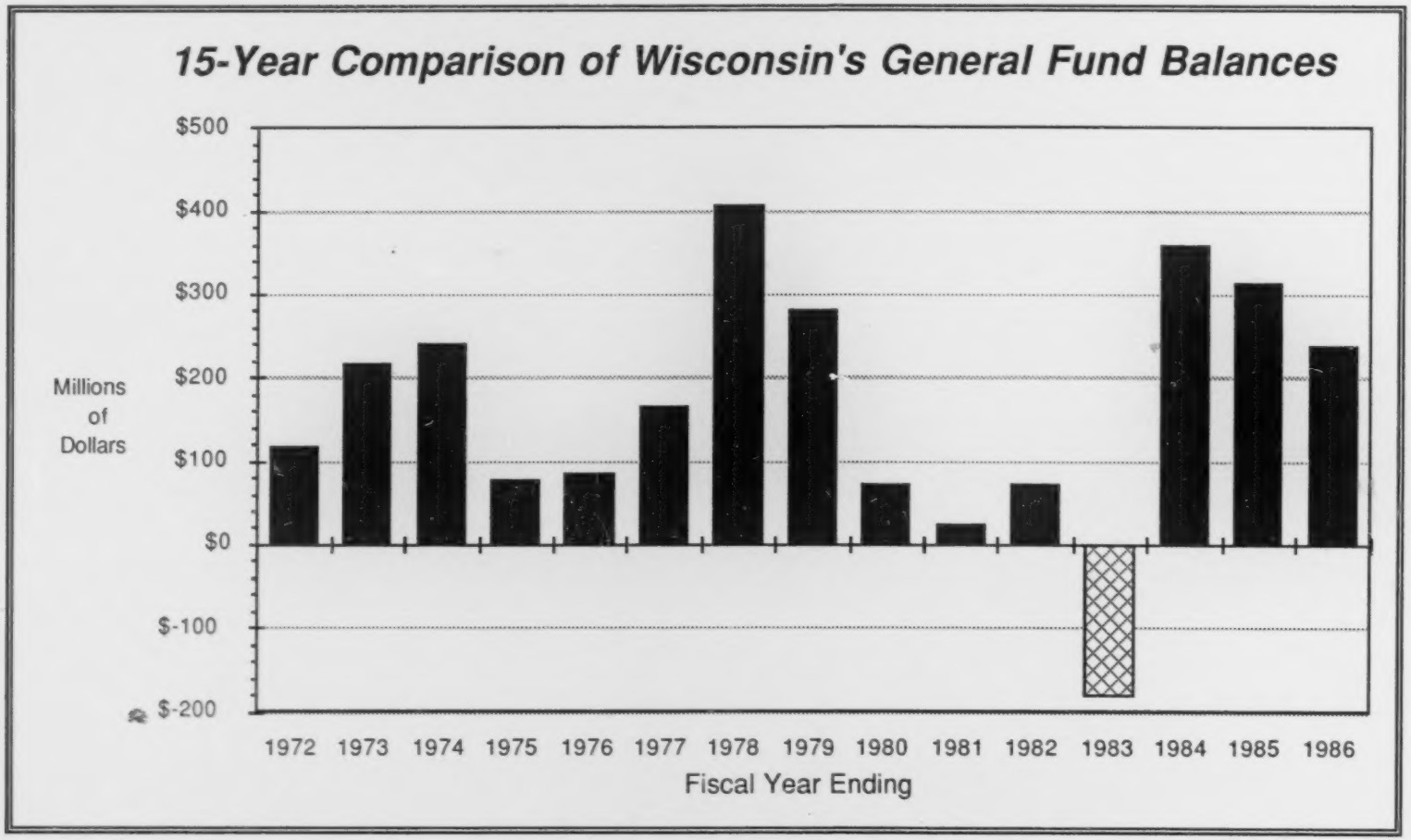
Several new programs developed to assist small businesses in Wisconsin included the Linked Deposit Loan Program in the Wisconsin Housing and Economic Development Authority which provides loans to small firms owned by women and minorities; a requirement that agencies pay their bills owed to private firms within 45 days or pay an additional 12 percent (APR) interest charge, accruing from the 31st day of billing; and state assistance to obtain federal contracts.

Under a law passed in the October 1985 Special Session, small businesses will be able to recover costs incurred when they successfully contest unreasonable administrative actions commenced by state agencies. Another measure will help firms attract technical staff to Wisconsin by allowing them to immediately qualify for in-state tuition at the University of Wisconsin for business-related courses.

The state's effort to increase international trade exports was enhanced with the addition of a state trade office in Hong Kong and the addition of an International Trade Center in the Department of Agriculture, Trade and Consumer Protection. Staffing was also increased in the Frankfurt, West Germany trade office to manage the burgeoning interest in exports to Europe. In addition, the state contributed to the costs of studying the feasibility of a World Trade Center in Milwaukee.

Wisconsin continued to hold its share of the travel market within the Upper Great Lakes region. Tourism and travel promotion received important attention with the largest increase in the promotion budget in its history, a 34 percent increase over the 1983-85 budget. A post Labor Day starting date for first semesters at University of Wisconsin campuses was established in an effort to extend the travel season and maintain industry employment stability.

The future of Wisconsin's investment climate is receiving much attention. The Governor has followed the recommendations of the Strategic Development Commission and created two groups to study future opportunities for economic growth in Wisconsin. A Strategic Planning Council, being appointed by the Governor, will maintain a long-term perspective in economic development as it works with state agencies to implement specific proposals of the Strategic Development Commission. The Governor has also appointed a nine member Wisconsin Expenditures Commission and charged it to carefully study: (1) measures which might limit the overall growth in state spending, (2) measures which might limit growth in the University of Wisconsin System, (3) state services for the poor and elderly, and (4) effectiveness of state aids to local governments and property tax relief programs.


15-Year Comparison of Wisconsin's General Fund Balances
$500
$400
$300
$200
$100
$0
$-100
$-200
Millions of Dollars
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986
Fiscal Year Ending

General Purpose Financial Statements

The City of Fond du Lac has preserved an historic lighthouse in the 127 acre Lakeside Park, at the southern end of Lake Winnebago. Lake Winnebago, a product of the Ice Age Glacier, is twenty-eight miles long — the largest inland lake in the state. Now evolved into a shallow body, however, the lake attracts pleasure-oriented rather than commercial activity, diminishing the functional role of the lighthouse.

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101 South Webster Street
Madison, Wisconsin 53702

We have examined the Statement of Recorded Assets, Liabilities, and Fund Balances - All Funds - Statutory Basis of the State of Wisconsin as of June 30, 1986, and the related Statement of Recorded Receipts, Disbursements and Changes in Fund Balances - All Funds - Statutory Basis; Statement of Recorded Receipts, Disbursements and Fund Balance - Budget vs. Actual - General Fund - General Purpose Revenues - Statutory Basis; and Summary of Recorded Receipts and Disbursements - All Funds - Statutory Basis for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note A, the aforementioned financial statements were prepared in accordance with the basis of accounting prescribed by the Wisconsin Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the recorded assets, liabilities and fund balances of the State of Wisconsin as of June 30, 1986 and the recorded receipts, disbursements and changes in fund balances for the year then ended on the basis of accounting described in Note A. Except for the change, with which we concur, in the method of valuing equity securities as described in Note G to the financial statements, this basis has been applied consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the statements taken as a whole referred to in the scope paragraph. The accompanying financial information listed as financial section-supplemental data, statistical section, and appendix in the table of contents is presented for purposes of additional analysis and is not a required part of the statements referred to in the scope paragraph. Such information has not been subjected to the auditing procedures applied in the examination of the statements referred to in the scope paragraph and, accordingly, we express no opinion on it.

LEGISLATIVE AUDIT BUREAU

Dale Cattanach

October 6, 1986

by Dale Cattanach
State Auditor

EXHIBIT A-1

STATE OF WISCONSIN

STATEMENT OF RECORDED ASSETS, LIABILITIES AND FUND BALANCES - ALL FUNDS - STATUTORY BASIS

JUNE 30, 1986

	GOVERNMENTAL FUNDS				
	General Fund	Special Revenue Funds			Debt Service
		Conservation	Transportation	Other	
ASSETS					
Cash	$ 986	$ 684	$ 517	$ 6,269	
Imprest Funds	3,118,735	400,000	8,550	2,500	
Investments (Notes F and G)	375,469,304	43,197,000	226,868,000	273,903,302	$ 74,474,000
Accounts Receivable					
Due from Localities	8,190,118				
Due from Other Funds (Note H)	989,843	75,474		275,298	1,911,085
Accrued Revenues & Other	394,088,968	3,508,983	67,290,155	17,452,219	3,123,057
Receivable (Note I)					
Student Loans (Note J)	5,127,502				
Veterans Loans				26,108,180	
State Life Policy Loans					
Rock County Trust	1,099,250				
TOTAL ASSETS	788,084,706	47,182,141	294,167,222	317,747,768	79,508,142
LIABILITIES					
Accounts Payable	206,855,411	8,527,664	59,275,978	6,230,905	
Employe Deductions Payable	4,447,867	141,944	268,933	10,820	
Due to Other Funds (Note H)	55,340	199,895	804,085	359,206	
Tax Deposits	12,836,730				
Check Float Invested					
Due to Localities					
TOTAL LIABILITIES	224,195,348	8,869,503	60,348,996	6,600,931	0
FUND BALANCE					
Reserves					
Encumbrances & GPR Balances	61,804,883				
Program Revenue Balances	214,498,910				
Fire Department Dues					
Contingent Fund Advances	2,714,500	100,000			
Student Loans	5,127,501				
Other Segregated Reserves		38,212,638	233,818,226	311,146,837	79,508,142
Total Reserves	284,145,794	38,312,638	233,818,226	311,146,837	79,508,142
Unreserved Balance					
Designated	42,670,215				
Undesignated (Note L)	237,073,349				
TOTAL FUND BALANCE	563,889,358	38,312,638	233,818,226	311,146,837	79,508,142
TOTAL LIABILITIES AND FUND BALANCES	$ 788,084,706	$ 47,182,141	$ 294,167,222	$ 317,747,768	$ 79,508,142

The accompanying notes are an integral part of this statement.

Capital Projects	TRUST AND AGENCY FUNDS Non-Expendable	Other	Pension and Retirement Funds	TOTAL (Memorandum Only) June 30, 1986	June 30, 1985
$ 923	$ 2,566	$ 6,361	$ 1,804	$ 20,110	$ 19,086
		65		3,529,850	3,020,300
85,982,000	248,763,981	1,173,786,244	13,295,468,545	15,797,912,376	12,229,391,747
				8,190,118	0
46,633		5,563,234	101	8,861,668	9,601,346
	174,195	73,467,570	94,900,553	654,005,700	713,510,862
				5,127,502	6,207,775
				26,108,180	28,816,224
		3,666,803		3,666,803	3,576,458
				1,099,250	1,022,131
86,029,556	248,940,742	1,256,490,277	13,390,371,003	16,508,521,557	12,995,165,929
4,605,496	229,579	83,341,391	31,175,456	400,241,880	549,656,630
		41,880	207,688	5,119,132	3,107,824
1,860,800		727	5,581,439	8,861,492	9,601,346
				12,836,730	10,112,270
		87,635,309		87,635,309	71,686,405
				0	4,399,942
6,466,296	229,579	171,019,307	36,964,583	514,694,543	648,564,417
				61,804,883	43,741,797
				214,498,910	155,987,623
					108,309
				2,814,500	2,555,500
				5,127,501	6,207,775
79,563,260	248,711,163	1,085,470,970	13,353,406,420	15,429,837,656	11,823,916,173
79,563,260	248,711,163	1,085,470,970	13,353,406,420	15,714,083,450	12,032,517,177
				42,670,215	0
				237,073,349	314,084,335
79,563,260	248,711,163	1,085,470,970	13,353,406,420	15,993,827,014	12,346,601,512
$ 86,029,556	$ 248,940,742	$1,256,490,277	$13,390,371,003	$16,508,521,557	$12,995,165,929

EXHIBIT A-2
STATE OF WISCONSIN
STATEMENT OF RECORDED RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
ALL FUNDS - STATUTORY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	GOVERNMENTAL FUNDS						
	General Fund			Special Revenue Funds			Debt
	GPR	PR	Sub-Total	Conservation	Transportation	Other	Service
RECEIPTS							
Taxes	$ 4,775,530,427	$ 6,123,080	$ 4,781,653,507	$ 25,186,019	$ 397,544,241	$ 111,695	
Federal Aid	9,748,913	1,840,392,144	1,850,141,057	9,456,170	205,782,906		$ 1,500,000
Fees	8,553,454	305,480,601	314,034,055	2,444,141	18,685	2,546,187	
Licenses and Permits	2,517,271	17,937,684	20,454,955	36,188,604	170,285,493		
Services General	8,590,859	429,565,734	438,156,593	788,109	11,388,843	2,229,832	
Contributions		31,258,271	31,258,271	448,679	31,213,156		
Sale of Products	578,850	103,441,676	104,020,526	3,251,092	108,708	17,826	
Investment Income	19,057,197	30,043,421	49,100,618	3,358,365	13,888,770	132,152,942	3,987,845
Gifts and Grants	4,113,712	64,345,350	68,459,062	193,316		20,699	
Proceeds from Sale of Bonds (Note E)							37,036,916
Other Revenue	17,333,524	108,105,425	125,439,949	547,274	9,981,590	4,105,317	3,133,270
Interfund Transfers	4,491,821	11,156,952	15,648,773	68,019		90,772,361	266,017,293
TOTAL RECEIPTS	4,850,516,028	2,947,851,338	7,798,367,366	81,929,788	840,212,392	231,956,859	311,675,324
DISBURSEMENTS							
Commerce	27,830,451	60,732,002	88,562,453		181,143	118,700	
Education	1,865,704,783	1,073,363,420	2,939,068,203		2,708,655		
Environmental Resources	107,689,691	14,491,829	122,181,520	88,040,102	798,350,996	2,872,040	
Human Relations & Resources	1,307,554,447	1,637,684,284	2,945,238,731			166,132,219	
General Executive	100,776,690	57,879,517	158,656,207		741,442	516,524	
Judicial	33,220,204	981,333	34,201,537			53,265	
Legislative	27,184,427	294,553	27,478,980				
General (Incl. Shared Revenue)	1,398,065,738	43,609,978	1,441,675,716	101,128	5,279,452	75,136	319,346,317
Building Program							
TOTAL DISBURSEMENTS	4,868,026,431	2,889,036,916	7,757,063,347	88,147,230	807,261,688	169,767,884	319,346,317
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,510,403)	58,814,422	41,304,019	(6,217,442)	32,950,704	62,188,975	(7,670,993)
LAPSED BALANCES	44,136	(44,136)					
FUND BALANCES AT BEGINNING OF YEAR	364,142,218	158,443,121	522,585,339	44,530,080	200,867,522	248,957,862	87,179,135
FUND BALANCES AT END OF YEAR	$ 346,675,951	$ 217,213,407	$ 563,889,358	$ 38,312,638	$ 233,818,226	$311,146,837	$ 79,508,142

The accompanying notes are an integral part of this statement.

TRUST AND AGENCY FUNDS			Pension and	TOTAL	
				(Memorandum Only)	
Capital Projects	Non Expendable	Other	Retirement Funds	June 30, 1986	June 30, 1985
		$ 5,007		$ 5,204,500,469	$ 4,854,724,715
$ 3,111,104	$ 604			2,069,991,841	1,987,953,500
		33,247,908		352,290,976	300,394,153
				226,929,052	215,906,053
	1,353	436,988		453,001,718	426,859,289
		1,266,293,844	$ 575,890,236	1,925,104,186	1,553,775,897
	453,229	39,952		107,891,333	94,836,455
15,520,874	10,601,964	89,386,350	2,841,738,717	3,159,736,445	1,654,161,733
	3,855,765	1,266,204		73,795,046	63,377,702
4,956,000				40,992,916	511,642,208
(1,800,470)	9,573,461	8,285,049	15,488,280	175,753,720	93,792,023
11,250,325	(620,636)	5,848,351		388,984,486	311,332,090
33,037,833	23,865,740	1,424,809,653	3,433,117,233	14,178,972,188	12,068,755,818
		18,182,961		107,045,257	104,456,110
		15,677,780		2,957,454,638	2,879,601,314
				1,011,450,658	964,468,569
		1,507,593		3,112,878,543	2,874,045,269
		800,678,150	371,472,976	1,332,065,299	1,271,006,348
		942,577		35,197,379	32,061,239
				27,478,980	24,620,588
		3,019	18,993	1,766,499,761	1,579,317,485
181,676,171				181,676,171	251,425,329
181,676,171	0	836,992,080	371,491,969	10,531,746,686	9,981,002,251
(148,638,338)	23,865,740	587,817,573	3,061,625,264	3,647,225,502	2,087,753,567
228,201,598	224,845,423	497,653,397	10,291,781,156	12,346,601,512	10,258,847,945
$ 79,563,260	$ 248,711,163	$1,085,470,970	$ 13,353,406,420	$ 15,993,827,014	$ 12,346,601,512

EXHIBIT A-3

STATE OF WISCONSIN

STATEMENT OF RECORDED RECEIPTS, DISBURSEMENTS AND FUND BALANCE - BUDGET VS. ACTUAL - GENERAL FUND - GENERAL PURPOSE REVENUES - STATUTORY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 1986 (THOUSANDS)

	BUDGET (NOTE K)				ACTUAL	VARIANCE
	CARRY FORWARD	PUBLISHED BUDGET	ADJUSTMENTS	FINAL BUDGET		
Beginning Unreserved Balance		$ 349,247	$(35,163)	$ 314,084	$ 314,084	
Reserve for Encumbrances & GPR Balances	$43,742			43,742	43,742	
Other Reserves	6,316			6,316	6,316	
Total	50,058	349,247	(35,163)	364,142	364,142	
RECEIPTS						
Taxes:						
Individual		2,234,700	3,300	2,238,000	2,239,067	$ 1,067
Corporation		437,470	(31,470)	406,000	407,590	1,590
Sales & Use		1,580,582	(34,582)	1,546,000	1,543,347	(2,653)
Excise		172,800	(4,200)	168,600	166,958	(1,642)
Inheritance		74,400		74,400	71,659	(2,741)
Gift		2,300		2,300	3,585	1,285
Public Utility		257,170	(18,619)	238,551	262,283	23,732
Insurance		51,500	3,400	54,900	59,605	4,705
Miscellaneous		22,300	(1,100)	21,200	21,436	236
Total Taxes		4,833,222	(83,271)	4,749,951	4,775,530	25,579
Departmental Revenue/ Federal Aid		57,099	19,574	76,673	74,986	(1,687)
Total Receipts		4,890,321	(63,697)	4,826,624	4,850,516	23,892
TOTAL AVAILABLE	$50,058	$5,239,568	$(98,860)	$5,190,766	$5,214,658	$23,892

	BUDGET (NOTE K)				ACTUAL	VARIANCE	
	CARRY FORWARD	PUBLISHED BUDGET	ADJUSTMENTS	FINAL BUDGET		LAPSE	RESERVE FOR ENCUMBRANCES & GPR BALANCES
DISBURSEMENTS							
Commerce	$ 2,353	$ 27,534	$ 2,045	$ 31,932	$ 27,830	$ 788	$ 3,314
Education	1,602	1,860,016	15,442	1,877,060	1,865,705	8,631	2,724
Environmental Resources	21,731	160,394	(37,425)	144,700	107,690	9,665	27,345
Human Relations & Resources	15,378	1,337,530	(19,167)	1,333,741	1,307,554	8,110	18,077
General Executive	1,715	100,412	1,516	103,643	100,777	1,549	1,317
Judicial	19	33,117	203	33,339	33,220	89	30
Legislative	6	26,791	391	27,188	27,184	2	2
General	938	1,420,880	(6,687)	1,415,131	1,398,066	8,069	8,996
Less: Estimated Lapse		(30,372)	(6,473)	(36,845)		(36,845)	
Total Disbursements	43,742	4,936,302	(50,155)	4,929,889	4,868,026	$ 58	$61,805
Balance From Operations	6,316	303,266	(48,705)	260,877	346,632		
Add:							
Program Revenue Lapse					44		
ENDING BALANCES	6,316	303,266	(48,705)	260,877	346,676		
Consisting of:							
Reserve for Encumbrances & GPR Balances					61,805		
Other Reserves	$ 6,316			6,316	5,128		
Unreserved Balance:							
Designated for:							
Compensation Reserve		43,036	(43,036)				
Biennial Appropriations					14,432		
Other					28,238		
Undesignated (Note L)		$ 260,230	$ (5,669)	$ 254,561	$ 237,073		

The accompanying notes are an integral part of this statement.

EXHIBIT A-4

STATE OF WISCONSIN

SUMMARY OF RECEIPTS AND DISBURSEMENTS - ALL FUNDS - STATUTORY BASIS

(Including Interfund Transfers)

For the Fiscal Year Ended June 30, 1986

Funds by Category	Net Balance 06/30/85	1985-86 Receipts	1985-86 Disbursements	Net Balance 06/30/86
GOVERNMENTAL				
General Fund	$ 522,585,339	$ 7,798,367,366	$ 7,757,063,347	$ 563,889,358
Special Revenue				
Conservation	44,530,080	81,929,788	88,147,230	38,312,638
Transportation	200,867,522	840,212,392	807,261,688	233,818,226
Other				
Waste Management (a)	2,033,017	1,701,629	11,000	3,723,646
Wisconsin Election Campaign	1,102,318	552,752		1,655,070
Investment and Local Impact	207,063	505,182	459,524	252,721
Elderly Property Tax Deferral (b)		2,693,712	57,000	2,636,712
Industrial Bldg. Construction	220,390	8,453		228,843
Unemployment Administration (c)	107,565	(107,565)		0
Mediation (b)		1,204,703	53,265	1,151,438
Groundwater (a)	250,502	2,215,950	1,863,604	602,848
Environmental Repair (a)	675,476	1,399,203	1,238,947	835,732
Veterans Trust	25,918,444	9,017,349	4,256,208	30,679,585
Veterans Mortgage Loan (a)	218,443,087	212,765,491	161,828,336	269,380,242
Total Other	248,957,862	231,956,859	169,767,884	311,146,837
Total Special Revenue	494,355,464	1,154,099,039	1,065,176,802	583,277,701
Debt Service				
Bond Redemption	87,179,135	311,675,324	319,346,317	79,508,142
Capital Projects				
State Building Trust	14,475,093	(777,985)	3,045,244	10,651,864
Capital Improvement	213,726,505	33,815,818	178,630,927	68,911,396
Total Capital Projects	228,201,598	33,037,833	181,676,171	79,563,260
TOTAL GOVERNMENTAL	1,332,321,536	9,297,179,562	9,323,262,637	1,306,238,461
TRUST AND AGENCY				
Nonexpendable				
Agriculture College	305,282			305,282
Common School Principal	139,063,962	10,357,878		149,421,840
Normal School	15,401,838	392,219		15,794,057
University	234,130			234,130
Benevolent	13,500			13,500
University Trust Principal	64,938,969	13,115,046		78,054,015
State Housing Authority Res.	4,887,742	597		4,888,339
Total Nonexpendable	$ 224,845,423	$ 23,865,740	$ 0	$ 248,711,163

Funds by Category	Net Balance 06/30/85	1985-86 Receipts	1985-86 Disbursements	Net Balance 06/30/86
Other				
Wis. Health Educ. Loan Repayment	(43,524)	255,906	205,698	6,684
Childrens Trust	1,403	3,040		4,443
Work Injury Benefits	1,067,439	1,519,644	1,507,629	1,079,454
Health Ins. Risk Sharing Plan (b)		34,660	34,660	0
Local Govt. Property Insurance (d)	12,570,137	5,322,795	5,992,452	11,900,480
State Life Insurance (d)	30,171,403	4,537,674	1,583,227	33,125,850
Patients Compensation Fund	23,068,477	36,487,341	10,573,404	48,982,414
Patients Compensation Panels	2,007,614	(1,065,037)	942,577	0
Local Govt. Pooled Investments	379,182,345	555,222,935		934,405,280
Historical Society Trust (b)		2,419,788	125,167	2,294,621
Public Employe Trust	19,190,678	800,993,038	800,680,351	19,503,365
Common School Income	9,194,532	10,465,304	9,749,465	9,910,371
University Trust Income	21,242,893	8,612,565	5,597,450	24,258,008
Total Other	497,653,397	1,424,809,653	836,992,080	1,085,470,970
TOTAL TRUST AND AGENCY	722,498,820	1,448,675,393	836,992,080	1,334,182,133
PENSION AND RETIREMENT				
Fixed Retirement Trust	8,606,241,521	2,871,513,612	321,356,152	11,156,398,981
Variable Retirement Trust	1,685,539,635	561,603,621	50,135,817	2,197,007,439
TOTAL PENSION AND RETIREMENT	10,291,781,156	3,433,117,233	371,491,969	13,353,406,420
TOTAL - ALL FUNDS	$ 12,346,601,512	$ 14,178,972,188	$ 10,531,746,686	$ 15,993,827,014

The accompanying notes are an integral part of this statement.

(a) Classified as an Other Trust and Agency Fund in Prior Years.
(b) Newly created in Fiscal Year 1985-86.
(c) 1985 Wis. Act 29, July 19, 1985, abolished the Unemployment Administration Fund and incorporated the balance thereof and its functions into the State's General Fund.
(d) Classified as a Special Revenue Fund in Prior Years.

NOTES TO FINANCIAL STATEMENTS

Note A Basis of Accounting

Wisconsin Statutes require that receipts and disbursements be recognized in the fiscal year in which they are received or paid. The State's centralized accounting records remain open until July 31 (August 15 for income, sales and use tax receipts) to permit the State departments to record receipts and disbursements applicable to the fiscal year ended June 30. Exceptions are the Building Trust Fund, the Capital Improvement Fund, and the Bond Security and Redemption Fund, which are closed as of June 30. However, the recording of charges and encumbrances applicable to the prior year is limited by the available appropriation balances of that year. In addition, state administrative policies require that receipts and disbursements be reported on a net basis; i.e., over-collections refunded are deducted from receipts, and overpayments collected are deducted from disbursements.

The July and August recording of prior fiscal years' receipts and disbursements results in accrued revenues and accounts payable in the statement of assets, liabilities and fund balances. Included in these amounts are receivables and payables between funds which are not eliminated for presentation as "due to" or "due from" other funds. Fixed assets as well as inventories purchased are recorded as disbursements in the period in which they are paid. Encumbrances are not treated as disbursements but are recorded separately for purposes of establishing reserves. Unused appropriation balances in some cases by law may be allowed to continue for use in future years, rather than lapse to the General Fund. In these cases the continuing balances are treated as reserves for Program Revenue (PR) or General Purpose Revenue (GPR) balances. GPR consists of general taxes, miscellaneous receipts and revenues which are paid into the general fund, lose their identity, and are then available for appropriation by the legislature. PR consists of funds also paid into the general fund which are dedicated for specific purposes and are appropriated by the legislature as estimates through the use of revolving funds.

Note B Fiscal Controls

The State Constitution provides that no money shall be paid out of the Treasury except as appropriated by law. The Statutes require that the Secretary of Administration and the State Treasurer must approve all payments. The Secretary of Administration exercises detail allotment control over all agency appropriations and approval authority over all encumbrances. The Secretary of Administration is also responsible for audit of expenditures prior to disbursement. The Legislative Audit Bureau has post-audit responsibility.

The Department of Administration maintains separate accounts for all appropriations showing the amounts appropriated, the amounts allotted, the amounts encumbered, the amounts expended and certain other data necessary to the financial management and control of all State accounts. The Department also maintains the general ledgers of the funds of the State including the General Fund.

The Statutes further provide that if, following the enactment of the budget, the Secretary of Administration determines that budgeted expenditures will exceed revenues by more than one-half of one percent of General Purpose Revenues (which includes General Fund revenues and various miscellaneous receipts), then revenues must be reestimated. Thereupon, the Secretary of Administration must notify the Governor and the Legislature and its Joint Committee on Finance, and the Governor shall submit a bill correcting the imbalance. If the Legislature is not in session, the Governor shall call a special session to take up the matter.

Note C General Fund Borrowing

The cash position of the General Fund was inadequate to meet all claims when due for substantial periods during Fiscal year 1985-86. This was caused by the payment of large local assistance payments, principally shared revenues and property tax relief, in November before adequate cash reserves could be accumulated to fund them. On September 19, 1985, in order to meet these obligations, the State of Wisconsin issued $350 million in short-term operating notes. These notes were repaid in full when due on June 16, 1986. To avoid overstating receipts and disbursements, the issuance, the repayment and the appropriations authorizing the repayment for the principal amount of $350 million are not reflected in the financial statements.

Note D Classification of Funds

Funds are generally classified in accord with classification criteria appropriate for governmental accounting. During fiscal year 1985-86, the classification of certain funds, identified in notes (a) and (d) to Exhibit A-4, were revised consistent with this criteria.

However, certain activities of a proprietary and fiduciary nature are combined within the Governmental and other Trust and Agency Funds. In addition, the activities of the State Building Trust Fund, included within the Capital Projects classification, consist of capital projects as well as maintenance and repairs to state facilities.

Note E Proceeds from the Sale of Bonds

Under the authority of 1985 Wisconsin Act 6, bond proceeds of $37,036,916 were deposited to the Bond Security and Redemption Fund. These proceeds replaced the unexpended proceeds of Series B of 1985 which were used to redeem $38,185,000 of that issue in Fiscal year 1987.

Note F Investment Valuation

Investments are valued as follows:

Bonds:	
Par	$ 6,626,316,271
Lower of Cost or Par	156,410,226 (a)
Market	282,031,680
	7,064,758,177
Stock:	
Cost	38,402,960 (b)
Market	5,,375,088,120 (b)
	5,413,491,080
Notes or Mortgages:	
Cost Less Principal Payment	508,974,723
Limited Partnerships and Capital Ventures	
Par	23,997,657
Market	13,803,555
	37,801,212
Commercial Paper, Government Agency Holdings, Repurchase Agreements, Certificates of Deposit and Bankers Acceptances:	
Amortized Cost	2,664,600,486
Cost	71,643,111
Lower of Cost or Par	36,643,588
	2,772,887,185
	$ 15,797,912,377

(a) Includes $70,129,652 in State of Wisconsin general obligation bonds acquired by the Veteran's Mortgage Loan Repayment Fund as set out in 1985 Wisconsin Act 6 which provided for the refunding of general obligation bonds issued for the Veteran's Primary Mortgage Loan Program.
Proceeds received at the time these bonds and interest thereon are paid will be used to pay a portion of the debt service due on general obligation bonds issued for veteran's mortgage loans.

(b) During FY 1985-86, the basis for valuing stocks held by the Fixed Retirement Investment Trust Fund was changed from Cost to Market as discussed in Note G.

Note G Valuation of Stocks Held by the Fixed Retirement Investment Fund.

During FY 1985-86 the Department of Employe Trust Funds under authority granted in s. 40.04(3)(d) of the Wisconsin Statutes, authorized common or preferred stock held by the Fixed Retirement Investment Trust Fund to be invested as a part of the Variable Retirement Investment Trust Fund. This was accomplished by transferring the common and preferred stock investments of both the fixed and variable investment trust funds to a Combined Stock Fund in exchange for unit shares in said combined stock funds. These unit shares, valued at one dollar per share, equaled in total the market value of the stocks on the date of transfer.

The book value of all investments in the Combined Stock Fund are adjusted to market value as of the last day of each month. The appraisal gain or loss thus recognized is distributed to the Fixed and Variable Investment Trust Funds monthly, based on the ratio of Combined Stock Fund shares held by each trust fund as of the first day of that month to the total number of Combined Stock Fund shares then outstanding. Earnings thus distributed are reinvested in the Combined Stock Fund in exchange for unit shares valued at one dollar each.

The valuation of Fixed Retirement Investment Trust Fund stocks at market and recognition of the attendant appraisal gains and losses, resulting from participation in the Combined Stock Fund, as described above, represents a departure from past practices when these stocks were valued and reported at cost, with gains or losses thereon recognized when realized at the time of actual disposition. The Fixed Retirement Investment Fund's prorata share of appraisal income recognized as a result of participation in the Combined Stock Fund during FY 1985-86, some of which would have been realized through normal turnover of the Combined Stock Fund investments, totaled $1,083,418,489 as follows:

Appraisal Adjustments on Stock Transferred 12/1/85	$ 541,632,164
Month-End Adjustments to Market 12/31/85-6/30/86	541,786,325
	$1,083,418,489

Note H Cancellation of Interfund Loans

During FY 1985-86, the Wisconsin State Legislature repealed certain statute sections which required the Veteran's Trust Fund to repay monies borrowed from the Veteran's Mortgage Loan Repayment Fund. The unpaid balance of the loan thus forgiven was $6,512,000, which amount was included in the $9,601,346 reported as "due to" and "due from" other funds on June 30, 1985.

Note I Appropriated Loans

Not included are appropriated loans to other funds and to independent authorities created by the Legislature. Appropriated loans, legally recorded as expenditures, are shown in the following table:

General fund loans to the Wisconsin Housing and Economic Development Authority:	
Wis. Act 9, March 23, 1985 (Chapter 20.490(3)(a))	$ 10,000,000
Wis. Act 29, July 19, 1985 (Chapter 20.490(4)(a))	2,073,024
	12,073,024
General Fund Loan to the Elderly Property Tax Deferral Fund Wis. Act 120, February 7, 1986 (Chapter 20.855(4)(fb))	2,500,000
General fund loan to the Mining Investment and Local Impact Fund Board (Chapter 20.855(4)(fa))	2,307,715
General fund loan to the Community Development Finance Authority (Chapter 20.442(1)(b))	150,000
	$ 17,030,739

Note J Collectability of Asset

The student loans receivable balance of $5,127,502 represents the remaining outstanding principal balance of state direct loans made prior to July 1, 1973. These loans originally totaled approximately $52 million. We believe that approximately $3.90 million of the amount receivable may be uncollectable based on an analysis of the loan accounts.

Note K Published Budget

The published budget amounts used in Exhibit A-3 are those shown for "General Purpose Revenues" (GPR) under 1985 Wisconsin Act 29, published July 19, 1985 which was the original budget of the 1985-87 biennium.

The adjustments column reflects official revenue and appropriation lapse reestimates, statutorily required appropriation adjustments to sum-sufficient and biennial appropriations, appropriations enacted subsequent to 1985 Wisconsin Act 29 (principally 1985 Wisconsin Act 120, published February 7, 1986), and appropriation changes enacted under the statutory authority of the Legislative Joint Finance Committee.

The State of Wisconsin utilizes a budgetary procedure within the General Fund which treats most federal grant revenues, licenses and fees and revenues for proprietary activities as dedicated for the activities to which they relate. As such, variable budgeting techniques are utilized and the official state budget includes them only as estimates. These accounts, referred to as Program Revenue Appropriations, are not included in Exhibit A-3. Only those appropriations made from nondedicated General Purpose Revenues are included.

Note L Projected to Actual General Fund Condition

The variance between the published budgeted ending balance and actual unreserved, undesignated balance at the end of the fiscal year 1985-86 are explained as follows:

	(thousands)		
Budgeted Ending Balance			$303,266
Adjustment to Beginning Balance			(35,163)
Adjustments for Revenue Variances			
Decrease in Tax Revenue		$ (57,692)	
Increase in Departmental Revenue		17,887	
Total Adjustments to Revenue			(39,805)
Appropriation Adjustments			
New Legislation (net decrease in appropriations)		61,002	
Sum Sufficient for Compensation Reserve	$(43,036)		
Unused Compensation Reserve	11,684		
Total Compensation Reserve Adjustments	(31,352)		
Other Sum Sufficient Adjustments	(400)		
Total Sum Sufficient Adjustments		(31,752)	
Biennial Adjustments		14,433	
Total Appropriation Adjustments			43,683
Other Adjustments			
Actual Lapse in Excess of Budget		6,575	
Student Loan Repayments		1,080	
Reduction in Reserve of Fire Department Dues		108	
Total Other Adjustments			7,763
Unreserved Balance			$279,744
Designated for:			
Biennial Reappropriations		14,433	
Utility Tax Rebate		28,238	
Total Designated Balance			42,671
Unreserved Undesignated Balance			$237,073

Financial Section
Supplemental Data

Vacationers in these woods near Rhinelander may camp and hike among aspen, pine, white birch, hemlock and other towering trees which have survived or replaced those removed by this century's heavy logging industry. Wisconsin's northwoods region, dotted with lakes and spread across nine counties, contains more than two million acres of forests. The Nicolet and the Chequamegon national forests account for most of this acreage.

EXHIBIT B-1
COMPARATIVE CONDITION OF THE GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 1986 AND PREVIOUS YEARS

	JUNE 30, 1986	JUNE 30, 1985	JUNE 30, 1984
ASSETS			
Cash	$ 986	$ 335	$ 339
Imprest Funds	3,118,735	2,606,760	2,228,735
Investments	375,469,304	341,369,772	377,939,079
Accounts Receivable			
Due from Localities	8,190,118		
Due from Other Funds	989,843	1,439,234	824,886
Accrued Revenues & Other	394,088,968	489,000,858	488,919,569
Loans Receivable			
Student Loans	5,127,502	6,207,775	6,673,766
Rock County Trust	1,099,250	1,022,131	938,927
TOTAL ASSETS	788,084,706	841,646,865	877,525,301
LIABILITIES			
Accounts Payable	206,855,411	302,015,017	254,235,667
Employe Deductions Payable	4,447,867	2,531,398	4,319,706
Due to Other Funds	55,340	2,899	174,292
Tax Deposits	12,836,730	10,112,270	14,276,332
Due to Localities		4,399,942	4,392,184
TOTAL LIABILITIES	224,195,348	319,061,526	277,398,181
FUND BALANCE			
Reserves			
Encumbrances & GPR Balances	61,804,883	43,741,797	60,727,886
Program Revenue Balances	214,498,910	155,987,623	147,561,925
Fire Department Dues		108,309	
Contingent Fund Advances	2,714,500	2,455,500	2,078,400
Student Loans	5,127,501	6,207,775	6,673,766
Total Reserves	284,145,794	208,501,004	217,041,977
Unreserved Balance - Designated	42,670,215	0	23,076,076
Unreserved Balance - Undesignated	237,073,349	314,084,335	360,009,067
TOTAL FUND BALANCE	563,889,358	522,585,339	600,127,120
TOTAL LIABILITIES AND FUND BALANCES	$788,084,706	$841,646,865	$877,525,301

Total Receipts, State of Wisconsin, 1985-86

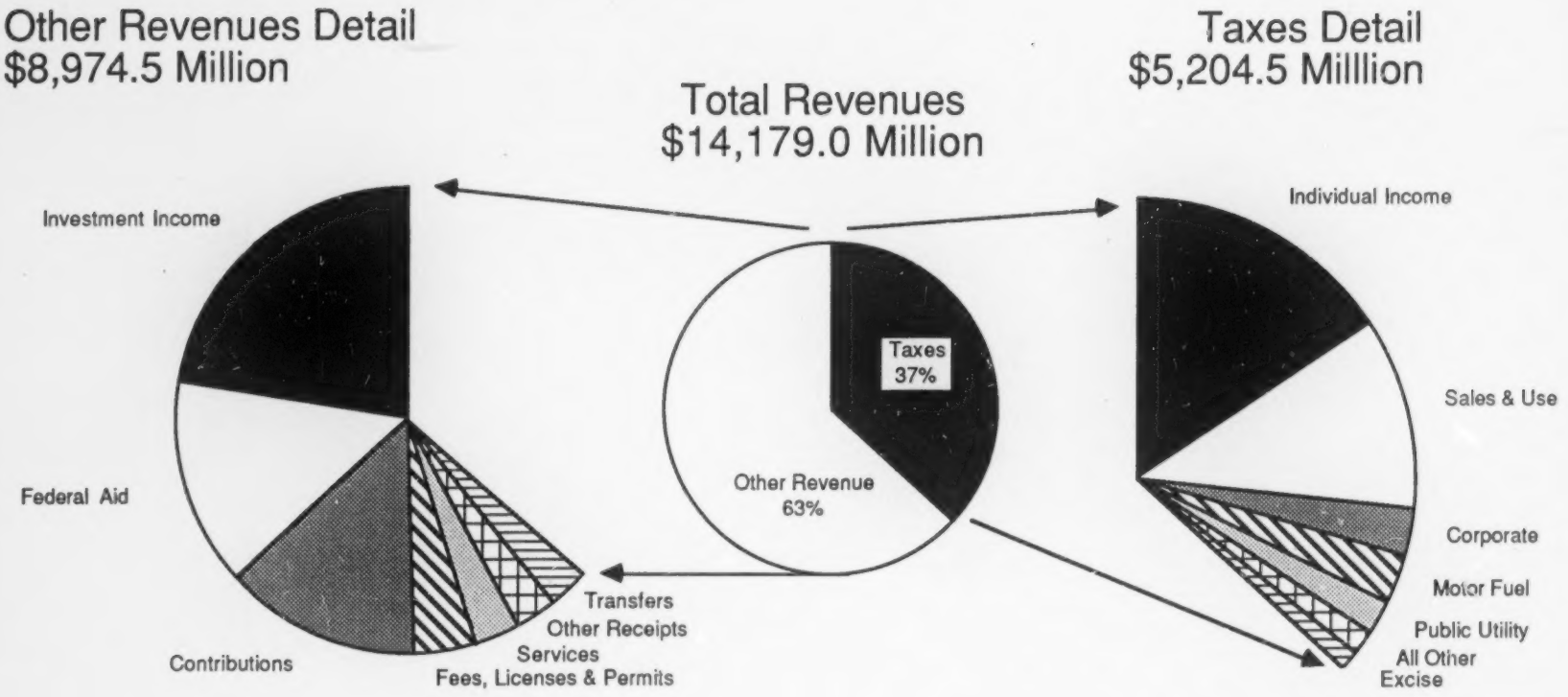


EXHIBIT B-2
ANALYSIS OF RECEIPTS - ALL FUNDS
As of June 30

Type of Receipt	1985-86	1984-85	1983-84
TAX RECEIPTS			
General Purpose Revenue			
Income Taxes			
Individual	$ 2,239,066,750	$ 2,009,109,148	$ 2,181,912,919
Corporation	407,590,170	413,645,057	393,480,708
Total Income Taxes	2,646,656,920	2,422,754,205	2,575,393,627
Sales and Excise Taxes			
General Sales and Use	1,543,347,307	1,453,525,383	1,374,565,660
Cigarette and Tobacco	123,229,184	125,340,207	122,774,406
Tobacco Products	3,899,024	4,043,707	3,940,190
Liquor and Wine	29,989,851	34,061,915	34,636,916
Malt Beverage (Beer)	9,839,840	9,801,924	10,325,765
Total Sales & Excise Taxes	1,710,305,206	1,626,773,136	1,546,242,937
Public Utility Taxes			
Private Light, Heat & Power	88,022,321	90,202,468	128,151,486
Municipal Light, Heat & Power	1,049,559	988,626	710,853
Telephone	157,596,814	141,038,996	124,746,193
Pipeline	6,696,771	6,269,812	7,484,645
Electric Cooperative	6,945,318	7,062,544	6,893,409
Freight Line	1,892,142	2,358,569	2,119,984
Telegraph		138,554	184,649
Conservation & Regulation	80,508	82,129	102,715
Railroads		543	115,300
Special Common Carrier		1,277,676	511,433
Total Public Utility Taxes	262,283,433	249,419,917	271,020,667
Inheritance, Estate & Gift Taxes			
Inheritance and Estate	71,659,008	75,681,064	67,416,378
Gift	3,585,072	4,758,560	4,577,610
Total Death & Gift Taxes	75,244,080	80,439,624	71,993,988
Miscellaneous Taxes			
Insurance Companies (Premiums)	59,604,751	48,761,250	44,962,950
Insurance - Fire Dept. Dues		108,309	169,654
Lawsuits (Courts)	6,500,738	6,154,545	5,690,723
Real Estate Transfer Fee	14,249,819	12,160,741	12,827,647
Other	685,480	655,342	670,177
Total Miscellaneous Taxes	81,040,788	67,840,187	64,321,151
TOTAL GPR TAX RECEIPTS	4,775,530,427	4,447,227,069	4,528,972,370
Program Tax Receipts			
Fire Dues	6,112,098	4,445,599	4,155,588
Boxing Clubs (90%)	5,667	17,674	21,369
Occupational Mink	5,315	2,646	1,169
TOTAL PROGRAM TAX RECEIPTS	6,123,080	4,465,919	4,178,126
TOTAL - GENERAL FUND TAX RECEIPTS	$ 4,781,653,507	$ 4,451,692,988	$ 4,533,150,496

EXHIBIT B-2 (continued)
ANALYSIS OF RECEIPTS - ALL FUNDS
As of June 30

Type of Receipt	1985-86	1984-85	1983-84
Transportation Fund			
Motor Fuel Tax	$ 388,504,472	$ 369,117,384	$ 343,051,097
Air-Carrier	3,120,290	2,796,099	1,888,750
Railroad	4,880,327	4,899,941	5,751,333
Aviation Fuel	1,018,652	898,628	846,235
County Wheel Tax	20,500		
Patient Compensation Panels	5,007	4,856	4,719
Investment and Local Impact	111,695	79,887	98,582
Conservation Fund			
2/10 Mill Forestry Property Tax	24,519,953	24,395,922	23,943,948
Forest Crop Taxes	666,066	839,010	703,907
TOTAL STATE TAX RECEIPTS	5,204,500,469	4,854,724,715	4,909,439,067
Federal Aid	2,069,991,841	1,987,953,500	1,813,137,493
Fees	352,290,976	300,394,153	263,470,742
Licenses and Permits	226,929,052	215,906,053	213,819,193
Services General	453,001,718	426,859,289	396,070,170
Contributions	1,925,104,186	1,553,775,897	1,209,414,692
Sale of Products	107,891,333	94,836,455	87,775,315
Investment Income	3,159,736,445	1,654,161,733	1,014,104,131
Gifts and Grants	73,795,046	63,377,702	51,469,904
Proceeds from General Obligation Bond/Note	40,992,916	511,642,208	260,300,000
Other Receipts	175,753,720	93,792,023	46,708,188
TOTAL DEPARTMENTAL RECEIPTS	8,585,487,233	6,902,699,013	5,356,269,828
INTERFUND TRANSFERS	388,984,486	311,332,090	315,468,375
TOTAL RECEIPTS	$ 14,178,972,188	$ 12,068,755,818	$10,581,177,270

EXHIBIT B-3

SUMMARY OF 1984-85 OPERATIONS BY FUNCTION, AGENCY AND PROGRAM

	BALANCE	APPROPRIATIONS BY SOURCE		EXPENDITURES			BALANCE	
	7/1/84	GENERAL		STATE		LOCAL	6/30/85	
	CONTINUING	PURPOSE	PROGRAM	OPERATIONS	AIDS	ASSISTANCE	LAPSING	CONTINUING
COMMERCE								
General Fund - GPR	$ 1,049,738	$ 27,485,673		$ 22,082,013	$ 2,560,052	$ 959,914	$ 580,145	$ 2,353,287
PR	9,419,131		$ 30,111,996	33,263,137	40,000			6,227,990
PR - FED	(320,911)		29,174,324	3,032,729	558,865	24,677,379		584,440
Segregated Funds	58,675,781	304,000	26,379,323	623,936	14,746,446	1,911,639		66,077,083
Segregated Funds - FED								
TOTAL	66,823,738	27,789,673	85,665,643	59,001,815	17,905,363	27,548,931	580,145	75,242,800
EDUCATION								
General Fund - GPR	1,039,937	1,887,115,451		582,081,148	32,340,910	1,251,588,419	30,442,730	1,602,181
PR	126,114,080		603,836,334	589,034,127	2,884,815	11,655,536	738,020	125,637,925
PR - FED	4,202,214		363,515,834	183,030,129	72,954,873	137,293,877	-	4,439,170
Segregated Funds	87,130,573	2,820,900	22,252,086	5,959,411		10,678,071		95,566,077
Segregated Funds - FED								
TOTAL	218,486,812	1,889,936,351	1,019,604,254	1,360,104,815	108,180,597	1,411,315,902	31,180,749	227,245,354
ENVIRONMENTAL RESOURCES								
General Fund - GPR	17,894,117	103,173,647		30,769,865		59,203,948	9,162,751	21,731,199
PR	2,306,257		2,801,171	3,486,970			2,832	1,617,626
PR - FED	3,217,125		9,681,759	8,600,078		3,232,757		1,266,050
Segregated Funds	207,500,575	(4,914,187)	684,014,684	420,454,695	2,320,831	212,100,748		251,724,799
Segregated Funds - FED	(453,647)		220,319,486	219,694,032	88,242	4,540,473		(4,456,906)
TOTAL	230,264,427	98,259,460	917,017,101	683,005,639	2,409,072	279,077,926	9,165,582	271,882,768
HUMAN RELATIONS AND RESOURCES								
General Fund - GPR	18,447,948	1,256,065,753		238,912,697	752,531,083	252,793,760	14,897,614	15,378,547
PR	737,504		209,949,660	168,617,379	19,966,640	10,720,912		11,382,233
PR - FED	(4,092,664)		1,288,483,659	86,885,132	1,101,238,115	93,500,120		2,767,628
Segregated Funds	288,484,054	90,000	274,568,012	153,976,080	4,596,052	162,000		404,387,933
Segregated Funds - FED	(1,797,236)		50,237,950	52,069,369	460,496			(4,089,141)
TOTAL	301,759,606	1,256,155,753	1,823,239,290	700,460,657	1,878,792,386	357,176,792	14,897,614	429,827,200
GENERAL EXECUTIVE FUNCTIONS								
General Fund - GPR	1,707,359	96,429,937		82,278,005	13,236,709	15,562	892,567	1,714,454
PR	(9,234,373)		48,296,149	49,773,449		2,405	14,291	(10,728,369)
PR - FED	197,463		4,848,370	3,112,875	90,664	1,754,496		87,798
Segregated Funds	8,723,637,469	849,100	2,646,147,957	1,056,822,859	1,033,028	501,729		10,312,276,911
Segregated Funds - FED								
TOTAL	8,716,307,918	97,279,037	2,699,292,476	1,191,987,188	$ 14,360,400	$ 2,274,192	906,858	10,303,350,794
JUDICIAL								
General Fund - GPR	30,122	30,172,036		30,116,311			67,363	18,484
PR	248,152		825,003	868,385				204,770
PR - FED	(20,816)		112,446	102,885				(11,255)
Segregated Funds	2,712,798		265,891	973,657				2,005,032
Segregated Funds - FED								
TOTAL	$ 2,970,256	$ 30,172,036	$ 1,203,339	$ 32,061,239			$ 67,363	$ 2,217,030

EXHIBIT B-3

SUMMARY OF 1985-86 OPERATIONS BY FUNCTION, AGENCY AND PROGRAM

	BALANCE	APPROPRIATIONS BY SOURCE		EXPENDITURES			BALANCE	
	7/1/85	GENERAL		STATE		LOCAL	6/30/86	
	CONTINUING	PURPOSE	PROGRAM	OPERATIONS	AIDS	ASSISTANCE	LAPSING	CONTINUING
COMMERCE								
General Fund - GPR	$ 2,353,287	$ 29,578,614		$ 23,019,124	$ 3,679,349	$ 1,131,978	$ 787,763	$ 3,313,687
PR	6,227,990		$ 37,119,810	34,213,650	9,000		10,400	9,114,751
PR - FED	584,440		26,519,420	2,922,404	154,371	23,432,577		594,508
Segregated Funds	66,035,070	322,500	46,391,881	782,753	11,761,638	5,938,414		94,266,645
Segregated Funds - FED								
TOTAL	75,200,787	29,901,114	110,031,111	60,937,931	15,604,358	30,502,969	798,163	107,289,590
EDUCATION								
General Fund - GPR	1,602,181	1,875,458,227		613,122,625	38,248,415	1,214,333,743	8,631,179	2,724,446
PR	125,637,925		656,976,773	646,542,626	2,601,108	10,051,086		123,419,879
PR - FED	4,439,170		412,227,424	196,552,177	88,204,841	129,411,583		2,497,993
Segregated Funds	95,331,553	2,948,900	34,868,609	5,989,170		12,397,265		114,762,627
Segregated Funds - FED								
TOTAL	227,010,829	1,878,407,127	1,104,072,806	1,462,206,597	129,054,364	1,366,193,677	8,631,179	243,404,945
ENVIRONMENTAL RESOURCES								
General Fund - GPR	21,731,199	122,968,513		36,211,813	379,372	71,098,507	9,665,467	27,344,553
PR	1,617,626		3,633,918	3,962,490				1,289,055
PR - FED	1,266,050		9,562,992	8,374,617		2,154,722		299,703
Segregated Funds	252,038,956	(5,164,981)	707,951,514	451,456,763	3,430,509	219,784,368		280,153,851
Segregated Funds - FED	(4,456,906)		215,422,678	209,164,821	802,601	4,630,077		(3,631,726)
TOTAL	272,196,925	117,803,532	936,571,103	709,170,504	4,612,482	297,667,671	9,665,467	305,455,436
HUMAN RELATIONS AND RESOURCES								
General Fund - GPR	15,378,547	1,318,363,003		256,796,405	773,921,520	276,836,522	8,109,982	18,077,121
PR	10,560,612		262,990,533	209,342,429	43,494,526	11,663,517		9,050,672
PR - FED	3,589,249		1,381,350,215	146,500,679	1,117,080,273	109,602,861		11,755,652
Segregated Funds	404,355,094	127,300	207,618,576	167,918,644	3,523,668	159,000		440,499,659
Segregated Funds - FED	(4,089,141)		4,089,141					
TOTAL	429,794,361	1,318,490,303	1,856,048,465	780,558,157	1,938,019,987	398,261,899	8,109,982	479,383,104
GENERAL EXECUTIVE FUNCTIONS								
General Fund - GPR	1,714,454	101,928,188		87,673,996	13,097,489	5,204	1,549,349	1,316,602
PR	(10,728,369)		56,819,686	53,479,878			33,736	(7,422,298)
PR - FED	87,798		42,895,522	3,248,591	(42,420)	1,193,468		38,583,682
Segregated Funds	10,312,272,130	753,400	4,237,843,230	1,172,949,569		459,524		13,377,459,667
Segregated Funds - FED								
TOTAL	10,303,346,012	102,681,588	4,337,558,438	1,317,352,034	$ 13,055,069	$ 1,658,197	1,583,086	13,409,937,654
JUDICIAL								
General Fund - GPR	18,484	33,320,329		33,220,204			88,638	29,971
PR	204,770		913,186	909,589				208,367
PR - FED	(11,255)		82,999	71,744				
Segregated Funds	2,005,032		139,575	995,842				1,148,765
Segregated Funds - FED								
TOTAL	$ 2,217,030	$ 33,320,329	$ 1,135,760	$ 35,197,379			$ 88,638	$ 1,387,103

EXHIBIT B-3 (continued)

SUMMARY OF 1984-85 OPERATIONS BY FUNCTION, AGENCY AND PROGRAM

	BALANCE	APPROPRIATIONS BY SOURCE		EXPENDITURES			BALANCE	
	7/1/84						6/30/85	
	CONTINUING	GENERAL PURPOSE	PROGRAM	STATE OPERATIONS	AIDS	LOCAL ASSISTANCE	LAPSING	CONTINUING
LEGISLATIVE								
General Fund - GPR	$ 1,876	$ 24,592,200		$ 24,385,194			$ 203,306	$ 5,576
PR	408,453		$ 323,350	235,394				496,409
PR - FED								
Segregated Funds								
Segregated Funds - FED								
TOTAL	410,329	24,592,200	323,350	24,620,588			203,306	501,985
GENERAL APPROPRIATIONS								
General Fund - GPR	20,756,790	1,196,267,878		40,473,185	$ 158,887,211	$ 1,012,872,292	3,853,908	938,069
PR	14,380,301		36,549,254	38,913,347				12,016,208
PR - FED								
Segregated Funds	126,900,383	850,187	672,719,599	327,297,196		850,187		472,322,787
Segregated Funds - FED								
TOTAL	162,037,474	1,197,118,063	709,268,854	406,683,728	158,887,211	1,013,722,480	3,853,908	485,277,064
BUILDING PROGRAMS								
Building Trust - SEG	13,400,579		5,306,300	4,231,786				14,475,093
Capital Improvement - SEG	154,549,491		306,370,558	181,741,255	453,278	64,999,010		213,726,505
TOTAL	167,950,070		311,676,858	185,973,041	453,278	64,999,010		228,201,599
TOTAL - ALL FUNCTIONS								
General Fund - GPR	60,727,885	4,631,302,571		1,051,098,418	959,555,964	2,577,533,894	60,100,382	43,741,796
PR	144,379,513		932,692,917	884,192,188	22,891,454	22,378,853	755,142	146,854,792
PR - FED	3,182,412		1,726,016,392	284,763,828	1,174,842,516	260,458,629	-	9,133,830
Segregated Funds	9,660,971,702		4,638,024,409	2,152,080,874	23,149,634	291,203,383		11,832,562,220
Segregated Funds - FED	(2,250,882)		270,557,445	271,763,400	548,737	4,540,472		(8,546,047)
TOTAL	$ 9,867,010,630	$ 4,631,302,571	$ 7,567,291,165	$ 4,643,898,709	$ 2,180,986,307	$ 3,156,115,233	$ 60,855,525	$ 12,023,746,592

Grand Total Exhibit B-3
Adjustment of GPR Appropriations to Revenue Basis
Adjustment for Accounts Reclassified as Assets/Liabilities
Adjustments for Surplus and Reserves not Included in Accounts
Lapsed Appropriations
Rounding Variances

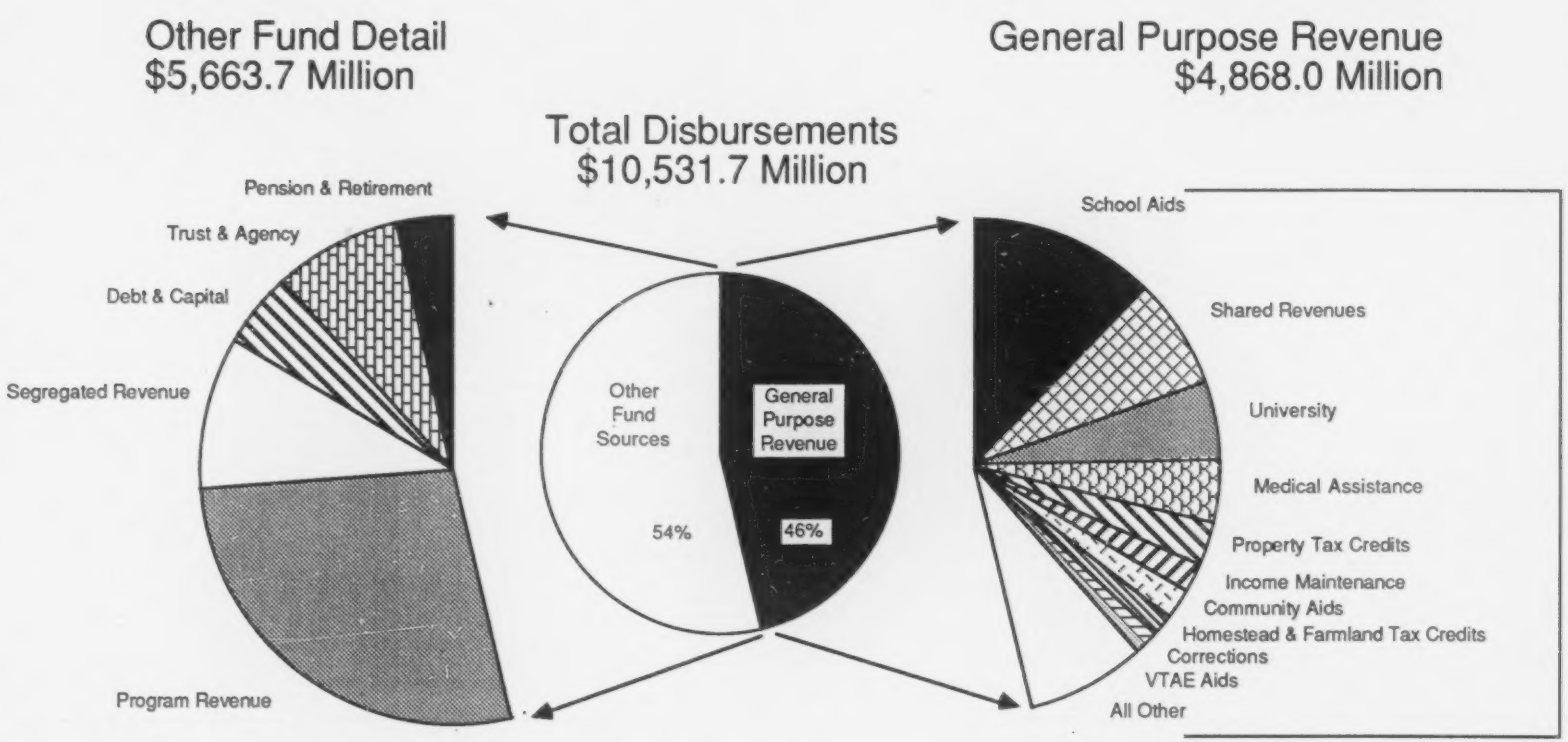
GRAND TOTAL EXHIBIT A-4

EXHIBIT B-3 (continued)

SUMMARY OF 1985-86 OPERATIONS BY FUNCTION, AGENCY AND PROGRAM

	BALANCE	APPROPRIATIONS BY SOURCE		EXPENDITURES			BALANCE	
	7/1/85						6/30/86	
	CONTINUING	GENERAL PURPOSE	PROGRAM	STATE OPERATIONS	AIDS	LOCAL ASSISTANCE	LAPSING	CONTINUING
LEGISLATIVE								
General Fund - GPR	$ 5,576	$ 27,182,434		$ 27,184,427			$ 1,183	$ 2,400
PR	496,409		$ 343,245	294,553				545,101
PR - FED								
Segregated Funds								
Segregated Funds - FED								
TOTAL	501,985	27,182,434	343,245	27,478,980			1,183	547,501
GENERAL APPROPRIATIONS								
General Fund - GPR	938,069	1,414,192,985		40,598,668	$ 142,851,102	$ 1,214,615,967	8,069,213	8,996,103
PR	12,016,208		56,155,615	43,609,978				24,561,845
PR - FED								
Segregated Funds	472,322,787	1,012,881	871,095,104	323,811,163		1,012,881		1,019,606,728
Segregated Funds - FED								
TOTAL	485,277,064	1,415,205,866	927,250,719	408,019,810	142,851,102	1,215,628,848	8,069,213	1,053,164,676
BUILDING PROGRAMS								
Building Trust - SEG	14,475,093		(777,985)	3,045,244				10,651,864
Capital Improvement - SEG	213,726,505		33,815,817	116,942,212	244,095	61,444,620		68,911,396
TOTAL	228,201,599		33,037,832	119,987,456	244,095	61,444,620		79,563,260
TOTAL - ALL FUNCTIONS								
General Fund - GPR	43,741,796	4,922,992,294		1,117,827,262	972,177,247	2,778,021,921	36,902,776	61,804,882
PR	146,033,171		1,074,952,765	992,355,192	46,104,633	21,714,602	44,136	160,767,371
PR - FED	9,955,452		1,872,638,572	357,670,211	1,205,397,064	265,795,210		53,731,538
Segregated Funds	11,832,562,220		6,138,946,321	2,243,891,360	18,959,909	301,196,069		15,407,461,202
Segregated Funds - FED	(8,546,047)		219,511,819	209,164,820	802,600	4,630,076		(3,631,726)
TOTAL	12,023,746,592	$ 4,922,992,294	$ 9,306,049,480	$ 4,920,908,847	2,243,441,456	$ 3,371,357,881	36,946,912	15,680,133,268
	12,023,746,592	14,229,041,774			10,535,708,184		36,946,912	15,680,133,270
		(72,476,266)						(72,476,266)
		22,146,680			(3,961,499)			26,108,179
	322,854,919	260,000						323,114,919
							(36,946,912)	36,946,912
	1				1			
	$12,346,601,512	$14,178,972,188			$10,531,746,686		$ 0	$ 15,993,827,014

Total Disbursements by Fund, State of Wisconsin, 1985-86



Distribution of GPR Disbursements by Major Programs

EXHIBIT B-4
STATE OF WISCONSIN CONSERVATION FUND
STATEMENT OF OPERATIONS AND CONDITION

	1985-86	1984-85
Opening Balance (Cash)	$44,530,080	$45,893,260
Revenues		
User Fees (Licenses, Registration)	39,141,505 (A)	39,024,065
Forestry Mill Tax	24,519,953 (B)	24,395,922
Severance Tax	666,066 (C)	839,010
Other Receipts (Sales, Services)	8,105,516 (D)	9,246,043
Federal Aids	9,496,748 (E)	11,797,794
Total Revenues	81,929,788	85,302,834
Expenditures		
Resource Management		
State Funds	49,529,105	48,968,523
Federal Funds	5,008,571	5,664,200
Enforcement		
State Funds	8,720,358	8,322,486
Federal Funds	475,900	640,163
Local Support		
State Funds	4,786,317	4,231,082
Federal Funds	833,168	1,748,286
Administrative Services		
State Funds	15,180,764	14,201,066
Federal Funds	3,030,136	2,910,533
Other Activities		
State Funds	582,910	(20,325)
Total Expenditures	88,147,230 (F)	86,666,014
FUND BALANCE	38,312,638	44,530,080
RESERVE FOR ENCUMBRANCES	7,519,375	6,039,848
UNRESERVED BALANCE	$30,793,263	$38,490,232

The Conservation Fund is a segregated fund which provides the financial resources for many of the activities of the Department of Natural Resources. It provides the funding for fish and wildlife management, forestry, parks and recreation, law enforcement and administrative activities.

(A) The increase in User Fees represents a net increase due mainly to the $1 surcharge imposed on hunting licenses, effective September 1, 1985, to fund the Wildlife Damage and Abatement Program. A decrease occurred in the Fishing License sales as well as in snowmobile and boat registrations due to the low year of the registration cycle.

(B) The increase is due to a .8% increase in the state equalized property valuation.

(C) The decrease is due to fewer penalties imposed upon landowners who harvested less wood products that are enrolled in the Forest Crop or Woodland Tax Programs.

(D) The increase is due mainly to lower interest rates resulting in reduced interest income on funds invested by the State Investment Board.

(E) The decrease is due to the increased emphasis imposed the previous year to catch up on reimbursements on acquisition and development projects through the Department of Interior, and LAWCON funds.

(F) The expenditure increase is due to the ongoing cost of operations in existing programs which includes a salary plan increase of approximately 6% for 1985-86, and new or expanded programs approved by the Legislature, such as: Wildlife Damage and Abatement Program, Wisconsin Natural Areas Heritage Program, and the All-Terrain Vehicles Registration Program.

EXHIBIT B-5
TRANSPORTATION FUND
STATEMENT OF OPERATIONS AND CONDITION

	1985-86		1984-85	
	State Funds	Federal, Local & Agency Funds	State Funds	Federal, Local & Agency Funds
Opening Balance	$ 221,516,634	$ (20,649,112)	$ 171,568,386	$ (10,933,726)
Receipts				
Motor Fuel Taxes (A)	388,504,472		369,117,384	
Vehicle Registration (B)	154,124,598		147,408,332	
Drivers License Fees	13,012,466		12,940,693	
Motor Carrier Fees	2,567,478		2,553,355	
Other Motor Vehicle Fees	4,844,493		4,407,493	
Overweight/Oversize Permits	1,392,094		1,344,701	
Investment Earnings	13,888,770		12,737,722	
Aeronautical Taxes and Fees	4,426,339		4,153,413	
Rail Property Taxes	4,880,326		4,899,941	
Dealers' Licenses	638,939		616,974	
Transportation Commission Assessments	302,839		299,514	
Miscellaneous	4,642,767	(19,993)	1,641,612	767,107
Service Center Operations		6,009,386		6,153,828
Highway Assistance - Federal		184,963,438		189,542,828
Highway Assistance - Local		25,943,234		18,568,886
Highway Program Operations - Federal		1,601,870		1,464,413
Airport Assistance - Federal		9,707,412		9,302,263
Airport Assistance - Local		2,464,521		20,882,886
Railroad Assistance - Federal		384,237		1,049,908
Railroad Assistance - Local		1,995,997		
Transit Assistance - Federal		2,944,603		1,843,751
Transit Assistance - Local		266,759		90,737
Administrative Facilities - Revenue Bonds		4,201,871		6,290,243
General Administration and Planning - Federal		4,970,800		3,892,335
General Administration and Planning - Local		199,104		132,727
Hwy. Safety & Enforcement Assist. - Federal		1,353,572		1,426,194
Total Receipts	593,225,581	246,986,811	562,121,134	261,408,106
TOTAL AVAILABLE	814,742,215	$ 226,337,699	733,689,520	$ 250,474,380
Disbursements				
Local Assistance				
Highways	174,279,716		168,471,179	
Mass Transit	40,073,785		37,966,745	
Harbors	228,552		969,400	
Railroads	1,012,881		850,187	
Driver Training	2,708,655		2,525,391	
Recreational Facilities	1,254,647		1,066,739	
Air Passenger Service	30,000			
Total Local Assistance	219,588,236		211,849,641	
Aids to Individuals and Organizations				
Railroad Crossings	2,332,925		2,164,126	
Elderly and Handicapped	460,879		33,039	
Total Aids to Individuals and Organizations	$ 2,793,804		$ 2,197,165	

EXHIBIT B-5 (continued)
TRANSPORTATION FUND
STATEMENT OF OPERATIONS AND CONDITION

	1985-86		1984-85	
	State Funds	Federal, Local & Agency Funds	State Funds	Federal, Local & Agency Funds
State Operations				
Highway Improvements (C)	$ 90,841,772	$ 208,125,077	$ 75,920,246	$ 211,542,778
Highway Maintenance	96,236,621	465,845	86,427,597	358,742
Highway Traffic Operations	15,127,119	3,139	11,921,199	94,652
Highway Program Operations	10,340,218	1,618,401	8,016,818	1,415,332
Airport Improvements	2,583,299	12,057,940	2,584,008	34,591,569
Railroad Continuation & Facility Acquisition	1,379,637	2,333,910	787,171	960,953
Transit Assistance		3,576,722		1,563,669
Traffic Enforcement & Inspection	24,448,498	677,131	22,735,028	719,705
Highway/Motorcycle Safety	157,601	1,353,572	111,905	1,446,637
General Administration & Planning	28,323,698	3,690,979	23,528,985	4,314,923
Transportation Commission	741,355		734,100	
Vehicle Registration & Drivers Licensing	34,630,610	282,615	31,408,889	162,279
Vehicle Inspection & Maintenance	8,649,510		8,670,028	
Debt Repayment & Interest	24,804,996		25,198,377	
Service Centers		7,754,195		6,982,725
Administrative Facilities		4,201,871		6,290,243
Miscellaneous	408,785	64,532	81,729	679,285
Total State Operations	338,673,719	246,205,929	298,126,080	271,123,492
Total Disbursements	561,055,759	246,205,929	512,172,886	271,123,492
Fund Balance	253,686,456	$ (19,868,230)	221,516,634	$ (20,649,112)
Reserves For Continuing Appropriation Balances				
Local Highway Aids	1,342,967		650,176	
Mass Transit Aids	2,202,098		53,074	
Railroad Continuation & Facility Acquisition	14,295,509		13,275,547	
Elderly & Handicapped Transit Aids	1,042,430		1,026,776	
Railroad Crossing Repair Aids	32,635		79,091	
Air Passenger SVC Assistance Aids	30,000			
Highway Improvement	103,755,372		100,405,698	
Highway Maintenance	36,688,320		27,780,289	
Highway Traffic Operations	2,757,941		3,414,913	
Highway Program Operations	461,924		248,030	
Airport Improvements	4,710,036		4,520,235	
Recreational Facilities Aids	3,268,135		1,306,582	
Water Resource Management	130,618		103,086	
Harbor Assistance Aids	1,728,885		957,437	
Lake Michigan Ferry Assistance	1,600,000			
Wisconsin Conservation Corp.	150,000			
General Operations & Miscellaneous	6,832,880		2,881,980	
Total Reserves	181,029,750		156,702,914	
UNRESERVED BALANCE	$ 72,656,706		$ 64,813,720	

The Transportation Fund is a multi-purpose special revenue fund created to provide resources for transportation related facilities and modes with revenues derived from users of transportation facilities. The Department of Transportation is the major agency within the fund although several programs within other state agencies derive revenues from the fund. Transportation facilities and major highway projects are also funded with Revenue Bonds.

(A) Effective April 1, 1985, motor fuel tax increased from $.16 to $.165 per gallon and again on April 1, 1986, from $.165 to $.175 per gallon.

(B) Section 84.59, Wisconsin Statutes, provides that vehicle registration revenues derived under s. 341.25 are deposited with a Trustee in a fund outside the State Treasury. Only those funds not required for the repayment of Revenue Bond obligations are considered income to the Transportation Fund. During FY 84-85, $8.2 million was retained by the Trustee and in FY 85-86, $7.0 million was retained by the Trustee.

(C) Does not include highway improvements financed with revenue bond proceeds. (FY 85 - $28,667,724; FY 86 - $22,267,297.)

EXHIBIT B-6
UNIVERSITY OF WISCONSIN SYSTEM
CURRENT FUNDS RECEIPTS

Total Univ. of Wis. System 1984-85	Total Univ. of Wis. System 1985-86	% Increase (+) Decrease (−)		Unrestricted Funds	Restricted Funds
$ 229,130,536	$ 251,535,805	+ 9.8	Tuition and Fees	$ 251,535,805	$
13,890,225	14,567,614	+ 4.9	Federal Appropriations	14,567,614	
556,239,174	584,342,977	+ 5.1	State Appropriations	584,342,977	
204,833,430	227,935,380	+11.3	Federal Government Grants and Contracts	42,928,188	185,007,192
59,564,080	64,669,219	+ 8.6	State, Local, and Private Grants and Contracts	3,000,461	61,668,758
5,738,617	5,597,450	− 2.5	Endowment Income		5,597,450
58,549,832	59,974,920	+ 2.4	Educational and Other Sources	59,974,920	
163,291,489	172,133,827	+ 5.4	Sales and Services of Auxiliary Enterprises	172,133,827	
104,098,402	118,608,403	+13.9	Sales and Services of Hospitals	118,608,403	
$ 1,395,335,785	$ 1,499,365,595	+ 7.5	TOTAL CURRENT FUNDS RECEIPTS	$ 1,247,092,195	$ 252,273,400

Source of Funds Spent: 1985-86

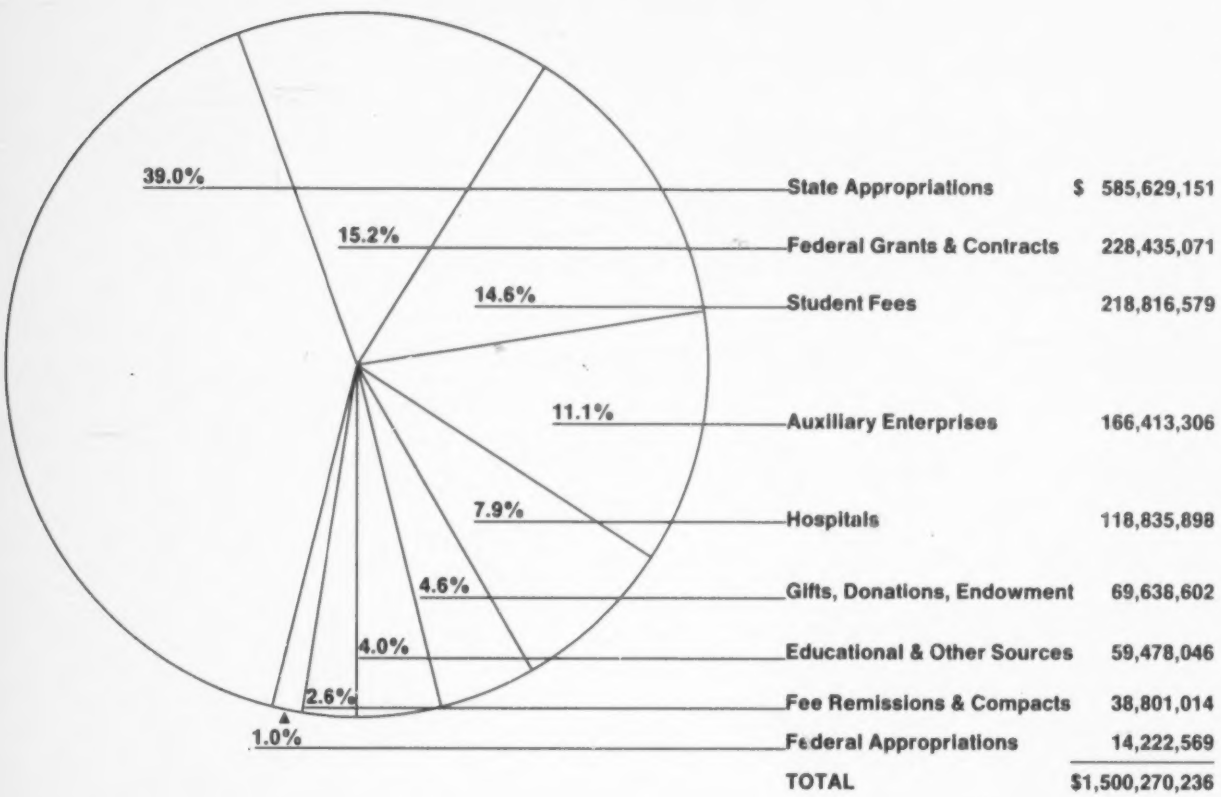


EXHIBIT B-6
UNIVERSITY OF WISCONSIN SYSTEM
CURRENT FUNDS DISBURSEMENTS

Total Univ. of Wis. System 1984-85	Total Univ. of Wis. System 1985-86	% Increase (+) Decrease (−)		Unrestricted Funds	Restricted Funds
			Educational and General		
$ 407,676,572	$ 442,575,255	+ 8.6	Instruction	$ 429,450,163	$ 13,125,092
206,161,974	227,038,499	+10.1	Research	73,005,550	154,032,949
85,476,100	92,477,857	+ 8.2	Public Service	77,395,475	15,082,382
53,286,942	58,624,019	+10.0	Libraries, Learning Resources and Media	57,625,992	998,027
7,430,342	7,597,477	+ 2.2	Farm Operations	7,597,477	
37,952,910	40,424,289	+ 6.5	Student Services	37,639,651	2,784,638
63,320,894	67,623,027	+ 6.8	General Operations and Services	65,881,233	1,741,794
111,207,017	112,528,968	+ 1.2	Operation and Maintenance of Plant	112,453,850	75,118
87,214,392	96,520,997	+10.7	Scholarships and Fellowships	33,873,860	62,647,137
1,059,727,143	1,145,410,388	+ 8.1	Total Educational and General	894,923,251	250,487,137
157,095,150	164,176,632	+ 4.5	Auxiliary Enterprises	163,772,701	403,931
110,164,517	122,317,782	+11.0	Hospitals	122,078,375	239,407
			Mandatory Transfers		
50,958,171	56,574,402	+11.0	Debt Service on Academic Facilities	55,431,477	1,142,925
9,969,078	7,839,051	−21.4	Debt Service on Auxiliary Operations	7,839,051	
3,595,373	3,661,300	+ 1.8	Debt Service on Hospital Facilities	3,661,300	
267,432	290,681	+ 8.7	Student Loan Matching	290,681	
64,790,054	68,365,434	+ 5.5	Total Mandatory Transfers	67,222,509	1,142,925
$ 1,391,776,864	$ 1,500,270,236	+ 7.8	TOTAL DISBURSEMENTS	$ 1,247,996,836	$ 252,273,400

How Funds Were Spent: A Functional Breakdown of 1985-86 Disbursements

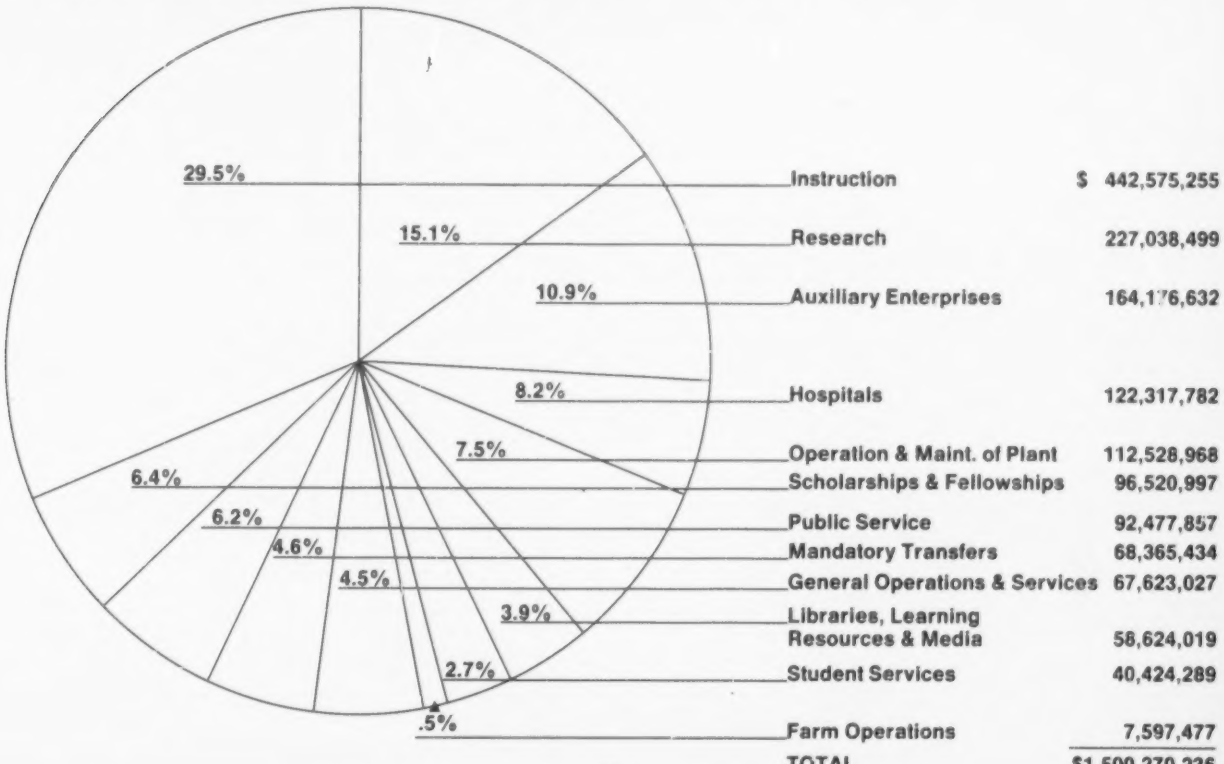


EXHIBIT B-7
STATE OF WISCONSIN UNEMPLOYMENT RESERVE FUND
STATEMENT OF ASSETS AND LIABILITIES
September 30, 1985

	September 30, 1985			September 30, 1984
	Reserve Fund	Federal Debt Fund	Combined Totals	Combined Totals
ASSETS				
Cash:				
U.S. Treasury Trust Fund	$ 134,951,864		$ 134,951,864	$ 161,637,167
In Bank	226,011	$ 342,060	568,071	2,491,568
Interest Payment Account		340,080	340,080	6,780
Amounts Receivable From:				
Reimbursable Employers	1,175,445		1,175,445	1,852,658
Other States	657,399		657,399	2,408,443
Employers (B)	105,932,041		105,932,041	103,826,764
Claimants (Benefit Overpayments)	5,685,503		5,685,503	5,653,221
Interest, Penalties & Special Assessments		6,664,798	6,664,798	4,307,084
Buildings Constructed with Reed Act Funds	566,821		566,821	655,658
Due From Reserve Fund				515,301
Total Assets	249,195,084	7,346,938	256,542,022	283,354,644
LIABILITIES				
Cash Overdrafts in Checking Account	3,536,300		3,536,300	5,377,640
Benefits Payable to Claimants (C)	5,237,115		5,237,115	6,003,200
Employer Overpayments Not Refunded	1,936,751		1,936,751	560,727
Amounts Due Employers & Federal Government (Benefit Overpayments)	1,687,383		1,687,383	1,803,886
Amounts Due Other States	658,783		658,783	750,327
Advances from Federal Government	460,088		460,088	2,463,343
Federal Funds Provided Under Reed Act	566,826		566,826	655,658
Accrued Interest Payable		64,689,033	64,689,033	55,719,190
Due to Federal Debt Fund				515,301
Loans from Federal Unemployment Trust Fund (A)		388,797,069	388,797,069	595,473,940
Total Liabilities	14,083,246	453,486,102	467,569,348	669,323,212
FUND BALANCE	235,111,838	(446,139,164)	(211,027,326)	(385,968,568)
TOTAL LIABILITIES AND FUND BALANCE	$ 249,195,084	$ 7,346,938	$ 256,542,022	$ 283,354,644

The Unemployment Reserve Fund was established by the State of Wisconsin's Unemployment Compensation Law (Chapter 108 of the statutes) to account for contributions received from employers and subsequent benefits paid to employees. The Fund is administered by the Department of Industry, Labor and Human Relations. The costs of administering the Fund are not included in the accompanying financial statements since the federal government provides funds to the State of Wisconsin for such costs out of contributions it receives from employers under the Federal Unemployment Tax Act.

(A) Beginning in 1982, the amounts needed to pay benefit claims exceeded the amount of the Fund's Reserve balance. To continue to pay benefit claims, the Fund has been required to borrow from the federal government under Title XII of the Social Security Act. Loans outstanding in this regard totaled $388,797,069 and $128,565,180 on September 30, 1985 and June 30, 1986 respectively. The amount outstanding on June 30, 1986 carries no requirement for the payment of interest.

In April 1983 and May 1985, changes to Wisconsin's Unemployment Compensation Law were enacted which, through a combination of reductions in total benefit payments and increases in tax revenue, are projected to improve the solvency of the fund.

(B) Except for third quarter and delinquent contributions, employer contributions are recorded as revenue when received. Most of the third quarter contributions are based on subsequent cash receipts. Delinquent contributions and a small portion of the estimated third quarter contributions are based on reported or estimated employer information rather than cash receipts.

(C) Benefit claims not filed and benefit claims which have been filed by individual claimants but which have not yet been completely processed and paid are recorded as a liability based on known subsequent claim payments and other available information.

EXHIBIT B-7

STATE OF WISCONSIN UNEMPLOYMENT RESERVE FUND
STATEMENT OF CHANGES IN FUND BALANCE
September 30, 1985

	September 30, 1985			September 30, 1984
	Reserve Fund	Federal Debt Fund	Combined Totals	Combined Totals
ADDITIONS				
Employer Contributions	$ 573,251,773		$ 573,251,773	$ 559,136,118
Benefit Reimbursements	21,525,179		21,525,179	24,248,449
Reimbursement from Federal Government	41,080,920		41,080,920	84,144,784
Interest, Penalties, and Special Assessment from Employers	4,035,974	$ 23,828,749	27,864,723	19,110,374
Forfeitures and Other	1,613,312		1,613,312	819,420
Total Additions	641,507,158	23,828,749	665,335,907	687,459,145
DEDUCTIONS				
Benefits Paid:				
Chargeable to Taxable Employers	390,173,305		390,173,305	339,998,216
On behalf of Governmental Units	15,260,091		15,260,091	17,248,310
On behalf of Electing Nonprofit Organizations	6,300,787		6,300,787	7,194,098
On behalf of United States Government	41,080,920		41,080,920	84,144,784
For Extended Benefits				(1,001,543)
Other Benefits	2,866,754		2,866,754	7,584,687
Allowance for Doubtful Collections:				
Delinquent Employer Contributions	2,017,883		2,017,883	568,399
Benefit Overpayments to Claimants	901,827		901,827	612,424
Interest, Penalties and Special Assessments Against Employers		951,764	951,764	155,975
Interest on Federal Funds Borrowed		30,832,319	30,832,319	43,158,990
Other	9,015		9,015	40,774
Total Deductions	458,610,582	31,784,083	490,394,665	499,705,114
Increase (Decrease) in Fund Balance	182,896,576	(7,955,334)	174,941,242	187,754,031
Fund Balance at September 30, 1984	258,892,133	(644,860,701)	(385,968,568)	(573,722,599)
Interfund Transfers:				
Federal Borrowing for Benefits	(206,676,871)	206,676,871		
FUND BALANCE at September 30, 1985	$ 235,111,838	$ (446,139,164)	$ (211,027,326)	$ (385,968,568)

EXHIBIT B-8
WISCONSIN RETIREMENT SYSTEM
ACTUARIAL STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1985

	12/31/85	12/31/84	Increase
Assets and Employer Obligations:			
Net Assets			
Cash, Investments & Receivables			
Less Payables & Suspense Items			
Fixed Division	$ 8,344,478,131	$ 7,237,785,537	$ 1,106,692,594
Variable Division	1,930,853,815	1,441,896,500	488,962,315
Totals	10,275,336,946	8,679,682,037	1,595,654,909
Obligations of Employers			
Unfunded Accrued Liability	1,241,773,936	1,184,060,014	57,713,922
TOTAL ASSETS	11,517,110,882	9,863,742,051	1,653,368,831
Reserves and Surplus:			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	3,306,174,479	2,846,854,805	459,319,674
Member Additional Contributions	114,881,290	90,771,765	24,109,525
Employer Contributions	4,859,146,335	4,337,981,006	521,165,329
Total Contributions	8,280,202,104	7,275,607,576	1,004,594,528
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	2,560,955,113	2,120,271,339	440,683,774
Variable Annuities	366,621,354	327,525,646	39,095,708
TOTAL ANNUITIES	2,927,576,467	2,447,796,985	479,779,482
Special Death Benefit Reserve	406,072	354,050	52,022
Surplus			
Fixed Annuity Reserve Surplus	197,271,892	127,876,259	69,395,633
Variable Annuity Reserve Surplus	96,470,316	1,535,143	94,935,173
Undistributed Earnings-Fixed Fund	(125,334)	9,061,526	(9,186,860)
Undistributed Earnings-Variable Fund	15,309,365	1,510,512	13,798,853
TOTAL SURPLUS	308,926,239	139,983,440	168,942,799
TOTAL RESERVE AND SURPLUS	$ 11,517,110,882	$ 9,863,742,051	$ 1,653,368,831

The accompanying notes are an integral part of this statement.

Notes to Exhibit B-8, Wisconsin Retirement System

The State's pension obligations, that is benefits paid to retired employes, are defined by formulas which establish monthly retirement benefits as a function of annual compensation and years of service. The State of Wisconsin's current contributions to meet these pension obligations are established by a yearly actuarial determination of the value of the retirement benefits that have accrued to state employes and will have to be paid in the future. After deducting the fixed contributions of employes, the State then contributes an amount sufficient to meet the remaining value of the obligations. Although the pension obligations are not fully funded at this time, it is intended, by this procedure, to achieve full funding of all State pension obligations over a 40 year period.

Monthly benefits upon retirement at normal retirement age (65 for general employes, 62 for elected officials and certain state positions, and 55 for protective occupation participants) are computed on a formula basis (the formula varies by particular class of participation). Some inactive members and a small number of currently active employes may have benefits computed on some other basis when they apply for benefits. Retirement prior to normal retirement age or selection by the employe of an optional form of annuity other than the normal form will normally result in an actuarially equivalent monthly amount, usually less than the basic formula benefit. All benefits are fully vested.

1983 Wisconsin Act 141 significantly improved public employe retirement benefits. The changes included an increase in the benefit formula factors, smaller benefit reductions for early retirement, higher maximum benefits, prorated Military Service credit, and full retirement benefits at age 62 for teachers and general employes with 30 or more years of service. The improved benefits will be financed through a one percent increase in employe contributions which began in 1986.

Except for certain protective employes and a few other minor exceptions, employes under the Wisconsin Retirement System are also covered by Social Security. For annuities granted prior to the effective date of the Benefits Improvement Bill, the maximum benefit available to an annuitant was based on the combined benefits from Social Security and the Wisconsin Retirement System. Subsequent to the Benefits Improvement Bill, Wisconsin Retirement System annuities are determined totally independent of Social Security benefits.

Exhibit B-8 provides a comparative actuarial balance sheet for the most recent reporting periods. The 12/31/84 balances have been restated to include the effects of the Benefits Improvement Bill and final 1984 balances of the system. The 1985 balances are not final.

The unfunded accrued liability of the Wisconsin Retirement System is being liquidated on a level percentage of payroll contribution basis. Under this basis the prior service contribution rate will remain constant during the 40 year amortization period. During the initial years, interest charges will exceed prior service payments and the obligation will grow. However, after several years payrolls will increase to a level where contributions will fully offset interest and begin to reduce the obligation, resulting in total liquidation at the end of 40 years.

As an employer, Wisconsin's share of the unfunded accrued liability as of December 31, 1985 was $351,943,889.

EXHIBIT B-9
STATE BUILDING TRUST FUND
RECEIPTS AND DISBURSEMENTS

	1985-86	1984-85
Opening Balance	$ 14,475,093	$ 13,400,579
Receipts:		
Transfer from General Fund - 20.867-(2)(f)		1,614,200
Transfer from University of Wisconsin System		13,440
Investment Income	1,016,897	1,380,618
Federal Aid	7,864	12,992
Miscellaneous	(408,284)	137,099
Net Transfers to or from Capital Improvement Fund	(1,394,462)	2,147,951
Net Receipts	(777,985)	5,306,300
TOTAL AVAILABLE	13,697,108	18,706,879
Disbursements:		
Arts Board	27,639	13,865
Department of Administration	355,780	322,576
Department of Agriculture, Trade & Consumer Protection		(4,800)
Educational Communications Board	186,828	595
Historical Society	156,610	31,218
Department of Health & Social Services:		
Mental Health Institutions	(2,666)	226,884
Correctional Institutions	663,256	797,930
Department of Military Affairs	196,227	300,567
Department of Natural Resources	5,253	
Department of Public Instruction	12,888	45,595
University of Wisconsin System	1,225,770	2,412,923
Department of Veterans Affairs	217,659	84,433
Total Disbursements	3,045,244	4,231,786
ENDING BALANCE	$ 10,651,864	$ 14,475,093

EXHIBIT B-10
CAPITAL IMPROVEMENT FUND
RECEIPTS AND DISBURSEMENTS

	1985-86	1984-85
Opening Balance	$ 213,726,505	$ 154,549,491
Receipts:		
General Obligation Proceeds:		
Bond Revenue	4,956,000	283,056,897
Investment Income	14,503,977	13,536,564
Federal Aid	3,103,240	805,355
Gifts & Grants		23,000
Insurance Reimbursement		46,420
Miscellaneous	1,649,297	925,091
Interfund Transfer from State Agencies	11,256,925	10,125,181
Net Transfers to/from State Bldg. Trust Fund	1,394,462	(2,147,951)
Transfers to the Bond Security and Redemption Fund	(3,048,084)	
Net Receipts	33,815,818	306,370,557
TOTAL AVAILABLE	247,542,323	460,920,048
Disbursements:		
University of Wisconsin:		
Academic	36,808,641	43,374,472
Self-Amortizing Facilities	1,019,937	10,826,092
Natural Resources:		
Point Source Water Pollution and Sewage Collection Facilities	72,430,644	73,125,581
Recreation Facilities	5,356,683	6,302,862
Transportation:		
Administrative Facilities	279,196	6,166,022
Highway Projects	252,334	7,444,843
Harbor Improvements	8,674	
Health and Social Services:		
Mental Health Facilities	1,922,821	2,524,505
Correctional Facilities	22,140,626	40,998,291
Building Commission: Housing State Departments and Agencies	4,118,856	3,879,039
Educational Communications Facilities	12,885	86,439
Historical Society, Historic Sites	764,996	1,456,969
Public Instruction, School for Deaf and Blind	2,099,546	298,987
Military Affairs, Armories and Military Facilities	4,125,370	1,553,773
Veterans Affairs:		
Wisconsin Veterans Homes	71,965	888,325
Self-Amortizing Mortgage Loans	15,265,669	41,656,296
Agriculture; State Fair - Self-Amortizing Facilities	100,267	144,321
Agriculture	73,251	1,338,229
Bonding Services	952,569	1,791,634
Daily Demand Note, Principal and Interest	10,825,997	3,330,671
Miscellaneous		6,193
Total Disbursements	178,630,927	247,193,544
ENDING BALANCE	$ 68,911,396	$ 213,726,505

EXHIBIT B-11
VETERANS MORTGAGE LOAN PROGRAM
BALANCE SHEET AS OF JUNE 30

	June 30, 1986	June 30, 1985
ASSETS		
Investments:		
Cash & Investment Pool Shares	$ 14,992,011	$ 32,317,673
Restricted Yield	71,643,111	74,493,111
Debt Service Account	70,129,652	84,549,834
Debt Service Reserve	36,643,587	37,008,587
	193,408,361	228,369,205
BOND PROCEEDS BALANCE	77,550,908	55,776,204
	270,959,269	284,145,409
Insurance Reserve Assets:		
Pool Shares	5,749,313	4,545,207
Real Estate	7,606,021	6,434,745
Land Contracts	3,630,596	4,575,946
Other Assets	86,405	138,716
	17,072,335	15,694,614
Mortgages	798,461,879	843,525,706
Other Receiveables	16,559,335	10,409,876
Due From Veterans Trust Fund		6,512,000
TOTAL ASSETS	1,103,052,818	1,160,287,605
LIABILITIES & FUND BALANCE		
Bonds Payable	986,235,000	1,020,185,000
Other Liabilities	5,396,799	23,560,589
TOTAL LIABILITIES	991,631,799	1,043,745,589
FUND BALANCE	111,421,019	116,542,016
TOTAL LIABILITIES & FUND BALANCE	$ 1,103,052,818	$ 1,160,287,605

The Wisconsin Department of Veterans Affairs Mortgage Loan Program was created by Chapter 208, Laws of 1973. It is a major housing program benefiting Wisconsin veterans. Since inception, the program has provided more than $1.3 billion for First Mortgage Loans. The funds are a result of the Issuance of State of Wisconsin General Obligation Bonds. The difference between the interest rate paid Bond Holders and the interest rate charged Veteran Mortgagors provides for the program's administrative costs, servicing lenders' fees and reserves. There is a statutory requirement that the program be fully self-supporting.

The financial statements presented show the results of all the transactions of the Veterans Mortgage Loan Repayment Fund and the transactions related to the Veterans Mortgage Loan Program from the Capital Improvement Fund and the Bond Security and Redemption Fund.

The records of the Department are kept in accordance with the state statutory basis of accounting with the exception of several material assets and liabilities listed in the Balance Sheet. They are:

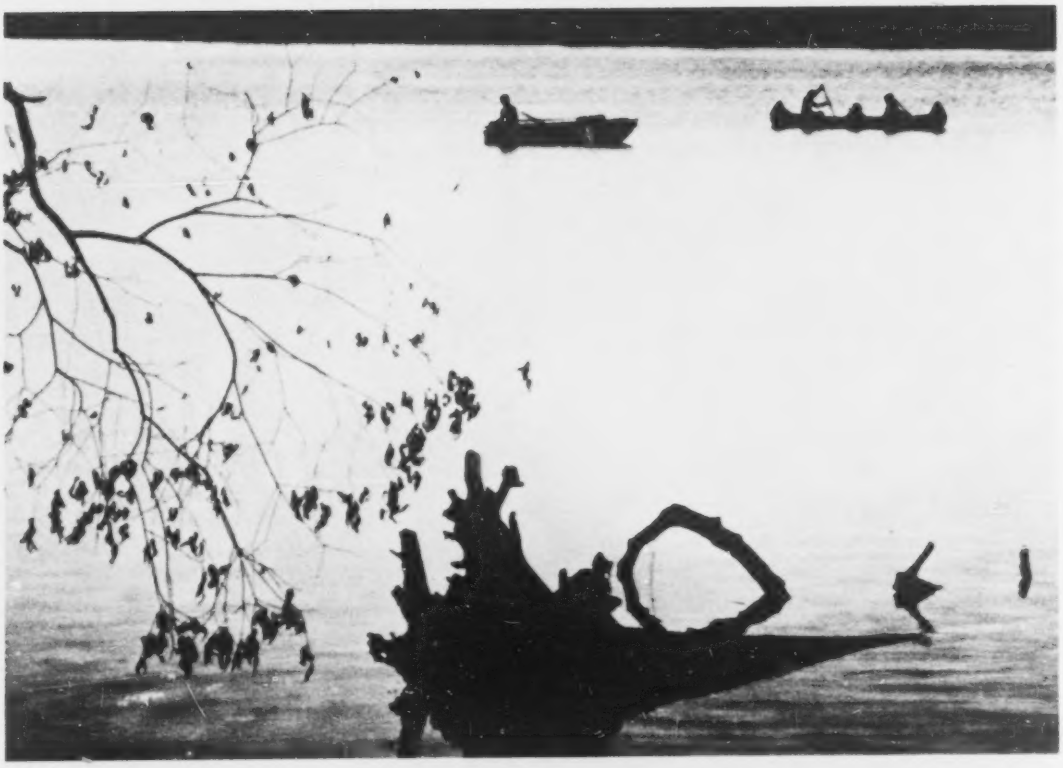
- Restricted Yield Investment Agreement valued at cost.
- Debt Service Account: Bonds valued at lower of cost or par.
- Debt Service Reserve: Treasury Notes at lower of cost or par.
- Real Estate, Land Contracts and Mortgages: valued at book value.
- Bonds payable valued at the unpaid principal balance of the Bonds issued on behalf of the Program.

Investment receipts (other than pool shares) are a result of a Bond Issue in May of 1985 that was used to refund State General Obligation Bonds issued for the Veterans Primary Mortgage Loan Program to provide for reserves to be used in anticipated temporary periods when cash flow from mortgage loans does not match the Debt Service payments needed for the bonds. Because the Investments were purchased late in fiscal year 1985, the statements for that year show accrued interest purchased as a negative income item for that year.

EXHIBIT B-11
VETERANS MORTGAGE LOAN PROGRAM
INCOME STATEMENT FOR PERIOD ENDING JUNE 30

	June 30, 1986	June 30, 1985
RECEIPTS		
Investments:		
Investment Pool Shares	$ 5,079,326	$ 6,688,247
Restricted Yield	8,114,984	
Debt Service Account	4,810,599	(1,270,248)
Debt Service Reserve	4,814,621	(1,250,929)
Retired Bonds	30	138,234
	22,189,530	4,305,304
Mortgage Interest	54,505,433	56,957,624
Rev. Bond Admin. Reim.	81,598	182,564
Net Insurance Accounts Receipts	1,747,448	119,805
Loan Funding Fee	3,458	
TOTAL RECEIPTS	78,527,467	61,565,297
EXPENDITURES		
Administration:		
Personal Services	1,059,889	918,519
Fringe Benefits	292,856	241,586
Materials and Supplies	207,023	206,466
Capital Outlay	30,400	40,200
County Veterans Service Officer Grant	79,500	
	1,669,748	1,406,771
Bond Interest	76,697,018	48,205,312
Costs of Issuance, Bonds	1,552,846	7,732,340
Accrued Interest on Bonds		300,794
TOTAL EXPENDITURES	79,919,612	57,645,217
NET RECEIPTS (EXPENDITURES)	(1,392,145)	3,920,081
BEGINNING FUND BALANCE	116,542,016	112,621,935
PRIOR PERIOD ADJUSTMENTS	(3,728,852)	
ENDING BALANCE	$ 111,421,019	$ 116,542,016

Statistical Section



"Wisconsin" means gathering of the waters. More than 14,000 glacial and man-made inland lakes provide opportunities for year-round recreational activities. Lakes such as this one near Madison are frequented in summer by canoers and other boaters who seek respite from their urban environments. Fishermen come in all seasons, hoping to dine on a catch of perch, crappies, bluegills, large-mouth or small-mouth bass. Thousands of lakes also yield muskies, walleyes and northern pike.

EXHIBIT C-1

GENERAL FUND CASH FLOW

Without corrective action, the General Fund would have experienced a substantial, but transitory, reduction in cash balances during the fiscal year. The temporary reduction arose from a mismatch between the timing of receipts and disbursements. The majority of payments were paid in the first half of the fiscal year. The preponderence of receipts were collected in the second half of the year.

Because of this mismatch, an operating note was again important to cash management in 1985-86. Without the operating note the General Fund's cash balance would have dropped from an opening balance of $340 million to a yearly low of $-300 million, a reduction of nearly $640 million. The General Fund did borrow from other operating funds before the operating note was issued. This was not again necessary after the note was issued. Figure 1 summarizes the year's cash balances.

The $350 million operating note, issued in September 1985, ensured timely payments to local governments and the state's suppliers. As illustrated in Figure 2, the note allowed the state to acquire sufficient funds to offset November's sizable cash outflows. The proceeds of the note and its timely repayment allowed the General Fund to more closely match receipts and payments. The operating note sinking fund payments were met as scheduled and the full amount of the note plus accrued interest was repaid by June 13, 1986.

The use of the operating note proved a cost-effective method of acquiring short-term funds. The use of the note saved the General Fund more than $7 million through increased investment earnings and reduced interfund borrowing.

Figure 1

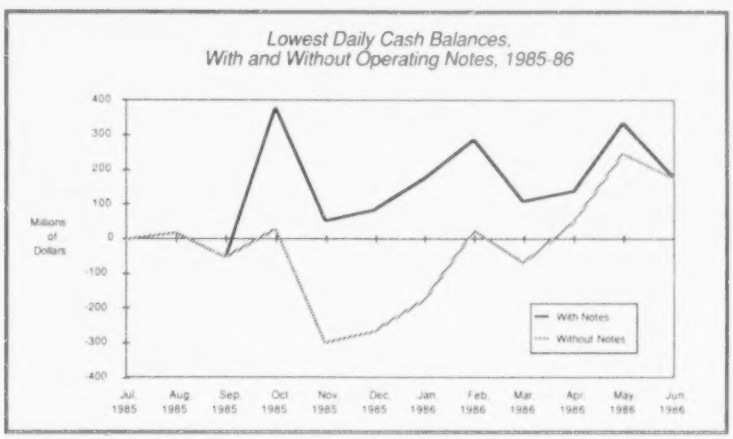


Figure 2

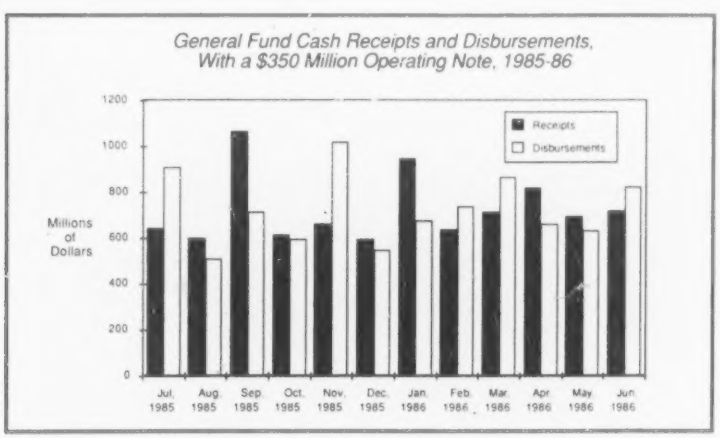


EXHIBIT C-2
STATE PAYMENTS TO LOCALITIES FOR PROPERTY TAX RELIEF AND SHARED REVENUES BY COUNTY 1985-86
(ROUNDED TO NEAREST DOLLAR)

COUNTY	ESTIMATED TOTAL POP. 01/01/85	WIS STATE PROPERTY TAX RELIEF	SHARED REVENUE PAYMENT	SCHOOL AID CREDIT	COUNTY TOTAL
Adams	14,659	$ 1,050,255	$ 963,749	$ 815,853	$ 2,829,857
Ashland	16,964	665,081	3,312,312	416,724	4,394,117
Barron	41,036	2,241,583	5,149,919	1,337,573	8,729,075
Bayfield	13,908	833,763	1,130,407	379,220	2,343,390
Brown	185,261	9,845,906	34,239,641	5,945,288	50,030,835
Buffalo	14,259	862,803	1,945,960	507,748	3,316,511
Burnett	12,967	865,481	931,530	388,541	2,185,552
Calumet	33,330	1,865,120	5,100,311	1,073,658	8,039,089
Chippewa	53,695	2,325,747	8,570,288	1,517,705	12,413,740
Clark	32,937	1,704,046	4,088,401	1,012,963	6,805,411
Columbia	43,675	2,479,126	5,636,128	1,794,710	9,909,964
Crawford	16,695	899,440	1,975,272	531,925	3,406,637
Dane	339,194	22,730,571	39,103,915	13,809,226	75,643,712
Dodge	76,688	4,440,832	10,224,368	2,672,786	17,337,986
Door	26,157	1,696,489	2,028,298	692,036	4,416,824
Douglas	42,673	2,086,061	8,321,219	1,120,747	11,528,027
Dunn	35,434	1,833,618	5,236,340	1,034,992	8,104,950
Eau Claire	83,743	3,942,447	15,337,880	2,407,697	21,688,024
Florence	4,287	279,221	213,234	185,425	677,879
Fond du Lac	90,134	4,677,514	13,631,035	2,804,113	21,112,663
Forest	9,373	359,585	776,483	307,947	1,444,015
Grant	52,298	2,839,235	6,848,570	1,754,713	11,442,518
Green	30,468	2,179,189	3,090,260	1,315,227	6,584,676
Green Lake	19,147	1,164,755	2,220,579	588,589	3,973,923
Iowa	20,192	1,646,859	2,252,586	945,090	4,844,535
Iron	6,456	409,251	781,461	170,296	1,361,009
Jackson	16,908	852,332	1,974,951	513,226	3,340,510
Jefferson	66,576	3,828,182	8,675,274	2,325,414	14,828,871
Juneau	21,916	1,189,214	2,826,137	717,025	4,732,377
Kenosha	121,158	6,872,049	22,012,845	3,799,010	32,683,904
Kewaunee	20,187	1,018,677	3,383,787	644,159	5,046,624
LaCrosse	96,632	4,851,517	12,174,632	3,079,998	20,106,147
Lafayette	17,427	1,438,453	1,633,757	910,180	3,982,391
Langlade	20,317	1,042,516	3,007,876	555,557	4,605,949
Lincoln	26,796	1,442,881	4,609,372	783,666	6,835,918
Manitowoc	83,128	3,948,792	16,120,992	2,336,563	22,406,346
Marathon	111,943	6,345,233	14,755,726	3,644,448	24,745,407
Marinette	40,102	2,305,921	5,317,708	1,456,222	9,079,851
Marquette	12,581	635,778	937,451	513,858	2,087,087
Menominee	3,846	76,104	484,027	47,305	607,436
Milwaukee	939,570	67,780,759	239,710,026	25,151,109	332,641,895
Monroe	36,184	1,494,255	5,078,421	927,092	7,499,768
Oconto	30,292	1,681,458	3,474,784	1,089,467	6,245,709
Oneida	32,630	2,051,292	2,573,857	777,732	5,402,881
Outagamie	134,099	6,488,934	22,213,607	4,330,761	33,033,301
Ozaukee	67,465	5,351,641	5,942,026	2,557,544	13,851,211
Pepin	7,509	493,251	1,015,986	250,695	1,759,933
Pierce	32,126	1,726,409	3,810,854	1,027,467	6,564,731
Polk	34,950	2,099,334	3,573,124	1,310,718	6,983,176
Portage	61,405	3,046,403	7,656,391	1,997,417	12,700,211

EXHIBIT C-2 (continued)
STATE PAYMENTS TO LOCALITIES FOR PROPERTY TAX RELIEF AND SHARED REVENUES BY COUNTY 1985-86
(ROUNDED TO NEAREST DOLLAR)

COUNTY	ESTIMATED TOTAL POP. 01/01/85	WIS STATE PROPERTY TAX RELIEF	SHARED REVENUE PAYMENT	SCHOOL AID CREDIT	COUNTY TOTAL
Price	16,290	769,399	1,854,839	457,364	3,081,602
Racine	169,193	10,073,076	30,496,248	5,520,896	46,090,220
Richland	17,370	1,060,468	2,084,011	603,266	3,747,745
Rock	138,687	7,375,076	22,978,691	4,430,034	34,783,802
Rusk	15,613	803,477	2,140,736	467,574	3,411,787
St. Croix	46,549	2,809,673	4,892,682	1,824,206	9,526,561
Sauk	45,725	2,801,874	5,499,376	1,703,717	10,004,967
Sawyer	13,783	988,678	768,720	632,583	2,389,981
Shawano	36,784	1,917,202	3,957,223	1,229,140	7,103,566
Sheboygan	102,185	5,940,926	17,813,885	3,345,480	27,100,292
Taylor	19,540	867,308	2,269,773	518,669	3,655,750
Trempealeau	26,707	1,353,042	3,732,864	779,964	5,865,870
Vernon	26,343	1,502,056	3,041,882	885,339	5,429,276
Vilas	17,397	1,255,995	628,330	52,855	1,937,180
Walworth	72,203	5,236,171	6,477,131	2,321,891	14,035,193
Washburn	14,154	821,991	1,224,369	534,472	2,580,831
Washington	87,249	5,489,564	9,159,696	3,487,379	18,136,640
Waukesha	285,904	20,163,945	21,999,312	10,605,608	52,768,866
Waupaca	44,743	2,199,706	5,459,336	1,442,502	9,101,545
Waushara	19,631	1,292,310	1,423,078	873,485	3,588,873
Winnebago	136,132	6,990,208	22,762,682	4,737,147	34,490,036
Wood	75,462	3,938,511	12,651,154	2,268,985	18,858,650
Subtotal		289,636,019	759,389,778	154,999,984	1,204,025,780
Adjustments (A)			(120,290)		(120,290)
Adjustments (B)			90,513		90,513
Total Apportionments		$289,636,019	$759,360,001	$ 154,999,984	$1,203,996,003
Homestead Tax Credit					102,662,679
Farm Property Tax Credit					34,557,514
Cigarette Tax Refunds					2,700,558
GRAND TOTAL					$1,343,916,754

(A) Local share of revenue credited to 1984-85; paid in 1985-86 and included in detail by county.

(B) Local share of revenue credited to 1985-86; not paid to localities until 1986-87 and not included in detail by county.

EXHIBIT C-3

STATE AND FEDERAL LOCAL ASSISTANCE PAYMENTS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
COMMERCE				
DEPARTMENT OF AGRICULTURE, TRADE & CONSUMER PROTECTION				
Prelim. Mapping; Agricultural Land Preservation	$ 18,504	$ 39,603		
Soil & Water Conservation Project Aids	711,986	710,859		
Erosion Control Program	318,631	84,541		
TOTAL - Department of Agriculture, Trade & Consumer Protection	1,049,121	835,004		
DEPARTMENT OF DEVELOPMENT				
Planning Aids	82,857	114,710		
Federal Aid - Local Assistance			$ 23,432,577	$ 24,677,379
Preliminary Mapping - Agricultural Land Preservation		10,200		
TOTAL - Department of Development	82,857	124,910	23,432,577	24,677,379
INSURANCE, COMMISSIONER OF				
Operations & Benefits	5,938,414	1,911,639		
TOTAL - Insurance, Commissioner of	5,938,414	1,911,639		
TOTAL - COMMERCE	7,070,392	2,871,552	24,432,577	24,677,379
EDUCATION				
DEPARTMENT OF PUBLIC INSTRUCTION				
Aid to Public Library Systems	7,100,600	6,095,000		
Human Growth & Development Grants	92,749			
Federal Funds - Local Assistance			1,454,869	2,185,149
General Equalization Aids	934,434,234	990,774,560		
Supplemental State Aid	14,062,771	11,733,318		
Aids for Handicapped Education	152,181,000	144,828,512		
Bilingual-Bicultural Educational Aids	3,819,280	3,244,300		
Tuition Payments	3,591,025	2,187,507		
Aids for School Lunch & Elderly Nutrition	4,329,425	4,334,582		
Pupil Transportation Aids	17,485,189	17,785,611		
Cooperative Education Service Agencies Aids	907,200	907,200		
Agency School Committees Aids		77,153		
Vocational Education Instruction Occup. Comp.	17,781	28,459		
Teaching Incentive Program	487,901			
Aid for Suicide Prevention	35,969			
Aid - Alcohol/Other Drug Abuse	239,358	494,576		
Funds from State Agency (FED) Local Aids	7,562,965	8,671,399		
Funds from State Agency (GPR) Local Aids	67,052	138,038		
Federal Aids - Local Aid			114,457,592	120,921,284

EXHIBIT C-3 (continued)
STATE AND FEDERAL LOCAL ASSISTANCE PAYMENTS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
Driver Education - Local Assistance	$ 2,287,836	$ 2,414,807		
School Library Aids	9,749,465	8,152,680		
TOTAL - Department of Public Instruction	1,158,451,800	1,201,867,702	$115,912,460	$123,106,434
BOARD OF VOCATIONAL, TECHNICAL & ADULT EDUCATION				
Displaced Homemakers - Organizations	155,202	138,988		
Voc. Ed. Instruction Occup. Comp. Prog.	73,611	6,230		
State Aid - Voc., Tech. & Adult Education	73,793,700	69,236,600		
Displaced Homemakers Program	289,160	310,399		
Incentive Grants	620,746			
Aid for Spec. Coll. Trans. Program	856,200			
Interagency Project - Local Assistance	2,181,711	2,351,523		
Federal Aid-Local Assistance - Adult Basic Education			1,800,677	1,837,959
Federal Aid-Local Assistance - Voc. Educ. Act.			11,698,445	12,349,485
Driver Education - Local Assistance	179,864	110,584		
Chauffeur Training Grant	180,100			
TOTAL - Board of Vocational, Technical & Adult Education	78,330,295	72,154,323	13,499,122	14,187,444
TOTAL - EDUCATION	1,236,782,095	1,274,022,025	129,411,583	137,293,877
ENVIRONMENTAL RESOURCES				
DEPARTMENT OF NATURAL RESOURCES				
Environ. Aids - Inland Lake Renewal	10,749	22,104		
Environ. Aids - Septic Tank	4,220,824	2,502,573		
Environ. Aids - Household Haz. Waste	33,750			
Recreation Aids - Local Park & Public Access to Waters		138,581		
Environ. Aids - Pt. Source Pollution Abatement	100,709	163,782		
Debt Service - Recreational Boat Bonds	158,420	165,243		
Recreation Aids - Fish, Wildlife & Forestry	21,796	1,659		
Environmental Aids - Waste Reduction & Recycling	31,250	187,500		
Environmental Aids - Prior to Bond & Sm. Pr.	21,975	49,678		
Environmental Aids - Non-Point Source Grants	2,109,836	1,548,238		
Enforcement Aids - Flood Plain Mapping	86,078	1,799		
Debt Service - Principal Repayment & Interest	59,623,637	52,684,842		
Aids in Lieu of Taxes	599,231	529,902		
Environ. Aids - Municipal Well Replacement	7,304			
Debt Service - Combined Sewer/Pollution	3,477,644	615,116		
Environmental Plan Aids - Solid Waste Management	591,935	436,130		
Environmental Aids - On Land Dredge Disp.	3,370			
Resource Aids - National Forest Income Aid			620,479	1,266,452
Resource Aids - Pay in Lieu of Taxes			554,541	
Environmental Aids - Federal Funds			930,537	1,939,352

EXHIBIT

STATE AND FEDERAL LO

	198
Environmental Aids - Inland Lake Renewal Fed. Funds	
Recreational Aids - Fish, Wildlife Forest Aid	$
Resource Aids - County Forest & Forest Crop	1,
Resource Aids - County Conservation Aids	
Enforcement Aids - Boating Enforcement	
Recreation Aids - Badger Fund	
Recreation Aids - Snowmobile Trail	
Enforcement Aids - Snowmobiling Enf.	
Recreation Aids - Motorcycle Rec. Aids	
Aids in Lieu of Taxes	
Enforcement Aids - Boating Enforcement	
Resource Aids - Local Park/Forest Road	
Wildlife Damage - Claim	
Recreation & Resource Aids - Federal Funds	
Recreation Aids - Snowmobile Trails	1,
Recreation Aids - Rec. Boating Facil.	
Aids - Municipal Wastewater	
Recreation Aids - Boat Facilities	
TOTAL - Department of Natural Resources	76,
DEPARTMENT OF TRANSPORTATION	
Transportation Aids - State Funds	164,
Connecting Highway Aids - State Funds	7,
Flood Damage Aids - State Funds	
Lift Bridge Aids - State Funds	1,
Transit Oper. Aids - State Funds	36,
Milwaukee/Urban Rail Sys. Study - State Funds	
Elderly & Handicapped Cty. Aids - State Funds	3,
Air Passenger Svc. - Assist. Aids	
Transit Aid - Supplemental State Funds	
Transit Aids - Local Funds	
Transit Aids - Federal Funds	
Highway Safety - Local Assistance - Federal Funds	
Harbor Assistance Aids - State Funds	
TOTAL - Department of Transportation	214,
TOTAL - ENVIRONMENTAL RESOURCES	290,

3 (continued)
AL ASSISTANCE PAYMENTS

State Aids		Federal Aids	
86	1984-85	1985-86	1984-85
		$ 49,165	$ 26,953
4,958	$ 124,109		
9,203	1,639,649		
6,508	111,901		
0,000	300,000		
	612		
5,933	405,000		
5,772	109,408		
1,086	5,797		
0,319	614,241		
5,800			
	53,170		
1,922	316,580		
		818,772	1,648,728
7,201	1,066,127		
1,646			
	126,540		
	30,262		
8,854	63,950,542	2,973,494	4,881,485
9,965	155,826,086		
2,949	7,494,599		
3,647	332,074		
3,155	1,605,435		
8,679	34,626,794		
9,406	36,151		
5,700	3,303,800		
0,000			
	3,159,815		
518			
		2,457,733	1,445,107
		1,353,572	1,446,637
	969,400		
4,018	207,354,154	3,811,305	2,891,744
2,873	271,304,697	6,784,799	7,773,229

EXHIBIT C-
STATE AND FEDERAL LOC

	1985-
HUMAN RELATIONS AND RESOURCES	
COUNCIL ON CRIMINAL JUSTICE	
Plan. & Admin. - Local Assistance	
Federal Aid - Plan & Adm. - Local Assistance	
Federal Aid - Crim. Justice Imp. - Local Assist.	
TOTAL - Council on Criminal Justice	
DEPARTMENT OF HEALTH & SOCIAL SERVICES	
Reimbursement to Local Units	$ 19
Community Social & Mental Hygiene Odd CY	108,47
Community Social & Mental Hygiene - Even CY	91,44
Income Maintenance Admin.	18,30
Programs Senior Citizens - Odd CY	4,24
Programs Senior Citizens - Even CY	1,56
Emergency Assistance Program	1,30
Community Youth & Family Aid - Odd CY	14,91
Community Youth & Family Aid - Even CY	15,86
Aids - Interest County Construction Loans	2
Indian Aids	13
Collection Remittances - Local Units Government	21
Services for Drivers - Local Assistance	3,27
Child Welfare Aids to Local Communities	
Weatherization - Federal Aid to Local Communities	
Foster Care Community Aids	
Income Maintenance - County Administration	
Foster Care Youth Aids Supplement	
Child Welfare Youth Aids Supplement	
Community Options Program - Even CY	9,70
Relief to Needy Indians - Adm.	57
General Relief Aids	8,98
Child Support County Admin.	
Alcohol, Drug, Mental Health - Local Assistance	
Social Service Block - Local Assistance	
TOTAL - Department of Health & Social Services	279,23
DEPARTMENT OF INDUSTRY, LABOR & HUMAN RELATIONS	
Aids - Private Sewage System Programs	24
Fire Dues Distribution	5,44
Federal Aid - Employment & Training Local	
Employment & Training Program	
TOTAL - Dept. of Industry, Labor & Human Relations	5,68

(continued)

AL ASSISTANCE PAYMENTS

State Aids		Federal Aids	
	1984-85	1985-86	1984-85
	$ 1,427		
			$ 1,427
		$ 235,580	98,012
	1,427	235,580	99,439
784	194,715		
775	91,426,497		
973	100,730,760		
538	15,900,238		
428	1,499,919		
301	4,163,674		
008	92,725		
922	15,246,988		
136	14,782,850		
965	83,288		
903	47,637		
701	247,031		
710	3,060,851		
		3,468,300	3,262,879
		1,302,986	1,523,345
		9,146,451	9,344,897
		23,903,270	19,803,865
		1,349,200	1,349,200
		804,808	800,000
888			
117	657,051		
964	6,759,814		
		(10,008)	10,108
		4,598,463	4,097,099
		49,665,142	53,182,741
113	254,894,040	94,228,610	93,374,134
560	317,880		
107	4,431,436		
		15,108,849	
	265,795		
667	5,015,111	15,108,849	

EXHIBIT C-3 (continued)
STATE AND FEDERAL LOCAL ASSISTANCE PAYMENTS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
DEPARTMENT OF JUSTICE				
Aid to Counties for Law Enforcement	$ 22,500	$ 52,500		
Aid to Co. - Tribal Law Enforcement	40,000	40,000		
Law Enforcement Training Fund - Local Assistance	2,286,000	2,549,416		
Federal Aid - Flood Control			$ 29,821	$ 26,547
Reimbursement for Victim & Witness Services	798,759	530,000		
Crime Victim/Witness Assistance	432,000	432,179		
TOTAL - Department of Justice	3,579,259	3,604,094	29,821	26,547
DEPARTMENT OF VETERANS AFFAIRS				
County Grants	159,000	162,000		
TOTAL - Department of Veterans Affairs	159,000	162,000		
TOTAL - HUMAN RELATIONS AND RESOURCES	288,659,038	263,676,672	109,602,861	93,500,120
GENERAL EXECUTIVE FUNCTIONS				
DEPARTMENT OF ADMINISTRATION				
Federal Aid - Local Assistance			1,193,468	1,754,496
TOTAL - Department of Administration			1,193,468	1,754,496
ELECTIONS BOARD				
Recount Fees		2,405		
TOTAL - Elections Board		2,405		
PUBLIC DEFENDER BOARD				
Indigency Determinations	5,204	15,562		
TOTAL - Public Defender Board	5,204	15,562		
DEPARTMENT OF REVENUE				
Investment & Local Impact Fund	459,524	501,729		
TOTAL - Department of Revenue	459,524	501,729		
TOTAL - GENERAL EXECUTIVE FUNCTIONS	464,728	519,696	1,193,468	1,754,496
GENERAL APPROPRIATIONS				
SHARED TAXES, REVENUE & TAX RELIEF				
Shared Revenue Account	759,389,778	714,574,960		
1984 Minimum Guarantee		8,599,997		
Corr. of Shared Revenue Payments		5,638		
Wisconsin Property Tax Relief	289,636,019	280,999,994		
School Aid Credit	154,999,984			
TOTAL - Shared Taxes, Revenue & Tax Relief	1,204,025,781	1,004,180,589		

EXHIBIT C-3 (continued)
STATE AND FEDERAL LOCAL ASSISTANCE PAYMENTS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
MISCELLANEOUS APPROPRIATIONS				
Payments for Municipal Services	$ 10,000,000	$ 8,100,000		
County Assessment Aid	590,187	591,703		
Terminal Tax Distribution	1,012,881	850,187		
TOTAL - Miscellaneous Appropriations	11,603,067	9,541,890		
TOTAL - GENERAL APPROPRIATIONS	1,215,628,848	1,013,722,480		
GENERAL APPROPRIATIONS				
DEPARTMENT OF NATURAL RESOURCES				
Environmental Aids - Point Source Aids	61,444,620	64,999,010		
TOTAL - GENERAL APPROPRIATIONS	61,444,620	64,999,010		
GRAND TOTAL	$3,100,932,594	$2,891,116,131	$270,425,287	$264,999,102

EXHIBIT C-4
STATE AND FEDERAL AIDS TO INDIVIDUALS AND ORGANIZATIONS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
COMMERCE				
DEPARTMENT OF AGRICULTURE, TRADE & CONSUMER PROTECTION				
Animal Disease Indemnities	$ 12,335	$ 16,376		
Aid Wisconsin Livestock Breeders Association	28,000	28,000		
Aids County & District Fairs	364,299	368,497		
Prem. Aids - World Dairy Expo Inc.	55,000	50,000		
Farmers Fund Grants	776,944			
Emergency Loan Processing		218,872		
TOTAL - Department of Agriculture, Trade & Consumer Protection	1,236,578	681,745		
DEPARTMENT OF DEVELOPMENT				
Labor Training Grants		561,817		
Technology Development Grants		816,490		
Aid to Forward Wisconsin Inc.	500,000	500,000		
Emp. Ownership Assistance Loans	40,000			
Housing Loans - Aids to Organizations	9,000	40,000		
Federal Aid - Individuals & Organizations			$ 154,371	$ 558,865
Labor Training Grants	331,668			
Technology Dev. Grant	1,418,919			
TOTAL - Department of Development	2,299,587	1,918,307	154,371	558,865
INSURANCE, COMMISSIONER OF				
Patients Compensation Claims	10,387,343	13,389,050		
Life Insurance Claims	1,374,295	1,357,396		
Premium Reduction Subsidy	152,183			
TOTAL - Insurance, Commissioner of	11,913,821	14,746,446		
TOTAL - COMMERCE	15,449,987	17,346,498	154,371	558,865
EDUCATION				
ARTS BOARD				
State Aids for the Arts	596,500	713,828		
Challenge Grant Program	227,139			
Fed. Grants - Aids to Individuals & Organizations			329,990	557,032
TOTAL - Arts Board	823,639	713,828	329,990	557,032
HIGHER EDUCATIONAL AIDS BOARD				
Tuition Grants	11,454,479	10,763,808		
Loan Forgiveness - Critical Manpower	24,850	34,721		
Dental Education Contract	1,258,013	1,543,696		
Indian Student Assistance	991,865	946,474		
Wisconsin Higher Education Grants	13,772,852	9,430,381		
Federal Aid to Individuals & Organizations			1,581,294	1,583,871

EXHIBIT C-4 (continued)
STATE AND FEDERAL AIDS TO INDIVIDUALS AND ORGANIZATIONS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
Federal Aids, Grants				$ 1,863,942
Student Loan Interest	$ 197,187	$ 39,700		
Federal Interest Payments			$ 34,059	
TOTAL - Higher Educational Aids Board	27,699,275	22,758,770	1,615,353	3,447,813
HISTORICAL SOCIETY				
Fed. Funds - Aids to Individuals & Organizations				282,351
TOTAL - Historical Society				282,351
MEDICAL COLLEGE OF WISCONSIN				
General Program Operations	4,465,917	4,617,791		
Family Medicine & Practice	1,144,600	1,040,800		
TOTAL - Medical College of Wisconsin	5,610,517	5,658,591		
DEPARTMENT OF PUBLIC INSTRUCTION				
Special Olympics	75,000	75,000		
Aid - Handicapped Individuals	39,622	32,017		
Minority Group Pupil Scholarships	237,507			
Funds from Other State Agencies - Aid	1,078,591	1,686,053		
Service for Drivers - Aids	91,385			
Fed. Funds - Aids to Individuals & Organizations			10,214,240	80,312
Youth Initiatives Program	500,000			
Alt. Sch. - American Indian Lang/Cult. Ed.	33,880	41,140		
TOTAL - Department of Public Instruction	2,055,985	1,834,210	10,214,240	80,312
UNIVERSITY OF WISCONSIN SYSTEM				
Student Aid	668,361	3,061,555		
Advanced Opportunity Program	2,560,613			
Gifts - Student Loans	1,409,881	1,173,761		
Federal Aid - Work Study			7,751,652	7,972,491
Federal Aid - Education Opportunity Grant			8,192,918	7,872,853
Federal Aid - Student Loans			15,689,281	15,856,457
Pell Grants			44,113,511	36,615,024
Nursing Undergrad Loans			291,462	262,823
Nursing Grad Loans			6,435	7,717
TOTAL - University of Wisconsin System	4,638,856	4,235,317	76,045,258	68,587,364
BOARD OF VOCATIONAL, TECHNICAL & ADULT EDUCATION				
Gifts & Grants	21,250	25,000		
TOTAL - Bd. of Vocational, Technical & Adult Education	21,250	25,000		
TOTAL - EDUCATION	40,849,523	35,225,725	88,204,841	72,954,873

EXHIBIT C-4 (continued)
STATE AND FEDERAL AIDS TO INDIVIDUALS AND ORGANIZATIONS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
ENVIRONMENTAL RESOURCES				
DEPARTMENT OF NATURAL RESOURCES				
Comp. Well Contamination - Payment	$ 247,075			
Environ. Plan Aids - Local Water Quality	132,296			
Res. Aids - Canadian Agency Migratory Waterfowl	92,284	$ 93,347		
TOTAL - Department of Natural Resources	471,655	93,347		
DEPARTMENT OF TRANSPORTATION				
Elderly & Handicapped Aids - State Funds	460,879	33,039		
Elderly & Handicapped Aids - Local Funds	315,870	30,320		
Elderly & Handicapped Aids - Federal Funds			$ 802,601	$ 88,242
Harbor Assistance Grants	228,552			
Railroad Crossing Protection Assistance	2,198,189	2,141,270		
Railroad Crossing Repairs Assistance	134,736	22,855		
TOTAL - Department of Transportation	3,338,225	2,227,484	802,601	88,242
TOTAL - ENVIRONMENTAL RESOURCES	3,809,881	2,320,831	802,601	88,242
HUMAN RELATIONS AND RESOURCES				
CRIMINAL JUSTICE, COUNCIL ON				
Federal Aid - Criminal Justice Imp-Aid-Org			212,756	205,082
TOTAL - Criminal Justice, Council on			212,756	205,082
CHILD ABUSE & NEGLECT PREV. BD.				
Grants to Organizations	335,377	131,736		
TOTAL - Child Abuse & Neglect Prev. Bd.	335,377	131,736		
DEPARTMENT OF HEALTH & SOCIAL SERVICES				
Medical Assistance - Program Benefit	436,304,256	431,938,073		
Disease Aids	1,795,790	2,374,548		
Nursing Home Appeals Mechanism	826,807	1,189,980		
Supp. Food Program - Women, Inf. & Child.	944,492			
Supp. Food Program - WIC-ADC	47,400			
Pregnancy Counseling	86,688			
Family Planning	1,203,166	946,834		
Special Dietary Supplement	162,934	19,090		
Fed Aid NH Appeals Mech.			1,120,455	1,569,073
Federal Aids - WIC Aids			22,831,100	22,618,325
Federal Aid - Project Aids Y-ST FD			665,922	188,678
Federal Aid - Medical Assistance			593,511,180	569,179,950
Preventive Health Grant - Aids/LOC			1,031,044	1,074,754
Mental/Child Health - Aid & LOC			6,239,975	7,412,745
Purchased Services for Offenders	810,791	872,360		

EXHIBIT C-4

STATE AND FEDERAL AIDS TO IN

Special Living Arrangements	
Foster Care	
Telecommunication Aid - Hearing Impaired	
Alzheimers Disease Training & Info	
Income Maintenance Payments	
Other Public Assistance Aids	
State Supplemental Federal SSI Program	
State Supplemental - Comm. Serv. Bk. Grant	
Domestic Abuse Assessment	
Child Support Collections	
Federal Aid - Project Aids	
Weatherization - Supp. Federal Aids	
Refugee Assistance to Individuals	
Federal Aid, Inc. Maint. Pay & Co. Adm.	
Federal Program Aids	
Federal Aid - State Foster Care & Adoption	
State Adoption Center	
Shelter for Homeless Indiv. & Fam.	
Youth Diversion Program	
Inter/Tra Agency Aids	
St. Foster Care & Adoption Serv.	
Domestic Abuse Grants	
Relief to Needy Indians - Aids	
Independent Liv. Ctr. Grant	
Work Incentive Demo Program - Aids	
Disability Determinations Aids	
Aging Program Aids	
Work Incentive Demonstration Program - Aids	
Energy Assistance Block - Aids	
Community Services Block - Aids	
Displaced Homemakers	
Social Service Block - Project	
Enterprises for the Blind	
Purchased Services for Clients	
Federal Aid/Purchase Service Clients	
Federal Project Aids	
Inter/Tra Agency Aids	
TOTAL - Department of Health & Social Services	
DEPARTMENT OF INDUSTRY, LABOR & HUMAN RELATIONS	
Law Enf., Corr. Officers, Fire Fighters, etc.	
Service Work Incentive Demonstration Program	
Federal Aid - Empl. & Training Aids	
Work Injury Supplemental Benefits	
Employment Security - Work Incentive	

continued)

VIDUALS AND ORGANIZATIONS

State Aids		Federal Aids	
1985-86	1984-85	1985-86	1984-85
$ 1,858,051	$ 1,703,770		
2,346,184	2,041,507		
117,917	63,478		
60,000			
231,483,157	219,160,787		
886,707	674,539		
78,215,000	68,162,049		
300,000			
20,500			
35,347,054	14,627,783		
		$ 1,009,739	$ 847,212
		5,285,726	5,753,322
		3,117,583	2,616,024
		333,105,618	304,281,497
			259,508
		1,248,176	994,124
6,297			
436,946			
93,000			
1,552,188			
2,344,411	2,133,386		
1,733,511	1,490,646		
5,999,895	5,410,351		
211,610			
493,215	488,851		
		5,523,517	3,837,358
		17,309,764	20,903,122
		4,410,020	7,957,298
		66,015,601	82,031,658
		3,976,265	4,053,040
		153,401	143,982
		1,228,134	618,442
544,478			
3,612,487	3,760,235		
		13,277,760	10,533,264
		364,348	436,737
44,735			
809,889,667	757,058,266	1,081,425,328	1,047,310,114
49,050	130,450		
3,685,555	3,146,524		
		35,437,419	
1,507,593	1,608,259		
			460,496

JTPA - State Educ. Program/Federal Aid
JTPA - Old Workers Program/Federal Aid
JTPA - Perform Incentive - Federal Aid
JTPA - Serv. Delivery/Federal Aid
Employment & Training/Federal Aid
JTPA - Summer Youth Program/Aid
JTPA - Dislocated Workers - Federal Aid
Federal Aid - Educ. Targeting

TOTAL - Dept. of Industry, Labor & Human Relations

DEPARTMENT OF JUSTICE
Awards for Victims of Crimes
Federal Aid - Victim Comp.

TOTAL - Department of Justice

DEPARTMENT OF MILITARY AFFAIRS
Tuition Grants

TOTAL - Department of Military Affairs

DEPARTMENT OF VETERANS AFFAIRS
Vietnam Veterans Education Grants
Veterans Aids & Treatment
Grants to Vets Organizations
Payments to Vets Organizations for Claim
Home for Needy Veterans

TOTAL - Department of Veterans Affairs

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
Agriculture Production Loan Fund
Agriculture Production Loan Interest Reduction
Deferred Payment Loan Fund

TOTAL - Wisconsin Housing and Economic Development Authority

TOTAL - HUMAN RELATIONS AND RESOURCES

GENERAL EXECUTIVE FUNCTIONS
DEPARTMENT OF ADMINISTRATION
Energy Development & Demonstration Fund
Renewable Energy Res. Incentive
Cooperative Dev. Council Assistance
Disaster Recovery Aid

(continued)

IVIDUALS AND ORGANIZATIONS

State Aids		Federal Aids	
1985-86	1984-85	1985-86	1984-85
			$ 45,611
			582,669
			955,261
			33,114,581
			26,491
			16,123,904
			2,321,283
			553,121
$ 5,242,198	$ 4,885,233	$ 35,437,419	54,183,416
929,843	930,313		
		4,770	
929,843	930,313	4,770	
26,555	100,435		
26,555	100,435		
161,250	227,682		
1,537,894	2,445,493		
267,200	267,173		
44,730	42,445		
5,000	5,000		
2,016,075	2,987,793		
	10,000,000		
	1,000,000		
2,500,000			
2,500,000	11,000,000		
820,939,714	777,093,775	1,117,080,273	1,101,698,611
23,873	57,015		
1,137,824	746,337		
105,000			
261,311			

EXHIBIT C-4 (continued)
STATE AND FEDERAL AIDS TO INDIVIDUALS AND ORGANIZATIONS

	State Aids		Federal Aids	
	1985-86	1984-85	1985-86	1984-85
Civil Air Patrol Aids	$ 20,000			
Federal Aid - Individuals and Organizations			$ (42,419)	$ 90,664
TOTAL - Department of Administration	1,548,008	$ 803,352	(42,419)	90,664
ELECTIONS BOARD				
Wisconsin Election Campaign Fund		1,033,028		
TOTAL - Elections Board		1,033,028		
DEPARTMENT OF EMPLOYE TRUST FUNDS				
Annuity Supplements	11,549,481	12,433,357		
TOTAL - Department of Employe Trust Funds	11,549,481	12,433,357		
TOTAL - GENERAL EXECUTIVE FUNCTIONS	13,097,489	14,269,736	(42,419)	90,664
GENERAL APPROPRIATIONS				
SHARED TAXES, REVENUE & TAX RELIEF				
Homestead Tax Credit	102,662,679	127,135,290		
Farm Property Tax Credit	34,557,514	28,142,336		
Cigarette Tax Refunds	2,700,558	3,141,158		
TOTAL - Shared Taxes, Revenue & Tax Relief	139,920,751	158,418,784		
MISCELLANEOUS APPROPRIATIONS				
Election Campaign Payments	430,351	468,427		
General Fund Loan	2,500,000			
TOTAL - Miscellaneous Appropriations	2,930,351	468,427		
TOTAL - GENERAL APPROPRIATIONS	142,851,102	158,887,211		
GENERAL APPROPRIATIONS				
PUBLIC DEBT				
Veterans Loans - Operations	244,095	453,278		
TOTAL - GENERAL APPROPRIATIONS	244,095	453,278		
GRAND TOTAL	$ 1,037,241,791	$ 1,005,597,054	$ 1,206,199,665	$ 1,175,391,253

EXHIBIT C-5

DEBT SERVICE MATURITY SCHEDULE: AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS AND NOTES ISSUED TO JUNE 30, 1986

Fiscal Year	Principal (A)	Interest (A)	Total Debt Service (A)
1986-87	$ 227,820,000.00 (B)	$ 151,839,193.90 (C)	$ 379,659,193.90
1987-88	159,875,000.00	142,541,622.54	302,416,622.54
1988-89	149,130,000.00	132,733,790.00	281,863,790.00
1989-90	149,000,000.00	122,974,206.24	271,974,206.24
1990-91	139,335,000.00	113,653,474.07	252,988,474.07
1991-92	122,710,000.00	104,899,653.38	227,609,653.38
1992-93	108,850,000.00	96,815,300.55	205,665,300.55
1993-94	96,480,000.00	89,566,849.51	186,046,849.51
1994-95	90,270,000.00	82,822,333.75	173,092,333.75
1995-96	88,525,000.00	76,215,605.02	164,740,605.02
1996-97	87,675,000.01	69,671,891.21	157,346,891.22
1997-98	84,734,999.70	62,897,007.52	147,632,007.22
1998-99	85,550,000.01	56,222,032.50	141,772,032.51
1999-2000	84,875,000.00	49,409,231.23	134,284,231.23
2000-01	83,084,999.98	42,604,059.98	125,689,059.96
2001-02	74,910,000.00	35,815,802.47	110,725,802.47
2002-03	67,835,000.00	29,828,407.50	97,663,407.50
2003-04	53,535,000.00	24,447,307.50	77,982,307.50
2004-05	43,915,000.00	19,840,265.00	63,755,265.00
2005-06	37,375,000.30	15,908,312.50	53,283,312.80
2006-07	31,840,000.00	12,588,075.00	44,428,075.00
2007-08	26,900,000.00	9,773,742.50	36,673,742.50
2008-09	23,530,000.00	7,356,105.00	30,886,105.00
2009-10	16,305,000.00	5,231,385.00	21,536,385.00
2010-11	11,655,000.00	3,804,275.00	15,459,275.00
2011-12	9,730,000.00	2,771,220.00	12,501,220.00
2012-13	9,985,000.00	1,918,320.00	11,903,320.00
2013-14	8,395,000.00	1,042,282.50	9,437,282.50
2014-15	2,400,000.00	325,050.00	2,725,050.00
2015-16	1,365,000.00	112,350.00	1,477,350.00
TOTALS	$2,177,590,000.00	$1,565,629,151.37	$3,743,219,151.37

(A) Does not reflect the partial call of $38,155,000 1985 Series B on July 7, 1986 or the sale of $247,800,000 1986 Series B delivered July 9, 1986.

(B) Included in the amount is $67,900,000 principal amount Daily Demand Notes, 1984 First Series, which were redeemed in full on July 15, 1986.

(C) Included in the amount is $206,583.44 of interest paid on July 15, 1986 in conjunction with the call of Daily Demand Notes described in Footnote B.

EXHIBIT C-6

ANNUAL DEBT LIMIT COMPARED TO ACTUAL BORROWING 1976 TO 1985

Calendar Year	Annual Debt Limitation *	Actual Borrowing**	Borrowing As A Percentage Of Limitation
1976	$492,402,362	$317,500,000	64.5
1977	551,479,110	241,000,000	43.7
1978	631,048,783	289,800,000	45.9
1979	725,419,578	261,600,000	36.1
1980	813,603,524	123,500,000	15.2
1981	846,556,650	175,035,000	20.7
1982	886,193,406	250,000,000	28.2
1983	898,135,379	210,300,000	23.4
1984	915,457,101	235,600,000	25.7
1985	922,661,155	440,955,000	47.8

Sources: * **Wisconsin Legislative Audit Bureau.**
** **Wisconsin Department of Administration.**

EXHIBIT C-7

STATE ASSESSMENT (FULL MARKET VALUE) OF TAXABLE PROPERTY 1977 TO 1986

Calendar Year	Value Of Taxable Property	Rate Of Increase (%)
1977	$ 73,530,548,014	
1978	84,139,837,774	14.4
1979	96,722,610,405	15.0
1980	108,480,469,889	12.2
1981	112,874,220,070	4.1
1982	118,159,120,779	4.7
1983	119,751,383,830	1.4
1984	122,060,946,775	1.9
1985	123,021,487,280	0.8
1986	120,574,776,770	– 2.0

Source: Wisconsin Department of Revenue.

EXHIBIT C-8

COMPARISON OF OUTSTANDING INDEBTEDNESS TO ASSESSED VALUATION OF PROPERTY 1976 TO 1985

Calendar Year	Value Of Taxable Property	Outstanding Indebtedness*	Debt As Percentage Of Assessed Value
1976	$ 65,653,648,256	$ 1,315,674,000	2.00
1977	73,530,548,014	1,528,978,272	2.08
1978	84,139,837,774	1,713,841,295	2.04
1979	96,722,610,405	1,916,140,888	1.98
1980	108,480,469,889	1,916,176,740	1.77
1981	112,874,220,070	1,950,028,410	1.73
1982	118,159,120,779	2,027,293,532	1.72
1983	119,751,383,830	2,072,493,851	1.73
1984	122,060,946,775	2,153,152,215	1.76
1985	123,021,487,280	2,410,628,460	1.96

* Including obligations of nonstock, nonprofit building corporations.

Sources: Wisconsin Department of Revenue.
Wisconsin Legislative Audit Bureau.

EXHIBIT C-9

PER CAPITA STATE GENERAL OBLIGATION DEBT 1976 TO 1985

Year Ending Dec. 31	Outstanding Indebtedness*	Debt Per Capita	Debt Per Capita as % of Per Capita Income
1976	$ 1,315,674,000	$ 286.27	4.63
1977	1,528,978,272	330.45	4.80
1978	1,713,841,295	368.89	4.78
1979	1,916,140,888	409.17	4.70
1980	1,916,176,740	407.18	4.35
1981	1,950,028,410	411.83	3.83
1982	2,027,293,532	427.25	3.97
1983	2,072,493,851	436.68	3.89
1984	2,153,152,215	452.15	3.65
1985	2,410,628,460	504.84	3.92

* Includes obligations of nonstock, nonprofit building corporations.

Sources: Wisconsin Legislative Audit Bureau.
Wisconsin Department of Administration.

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